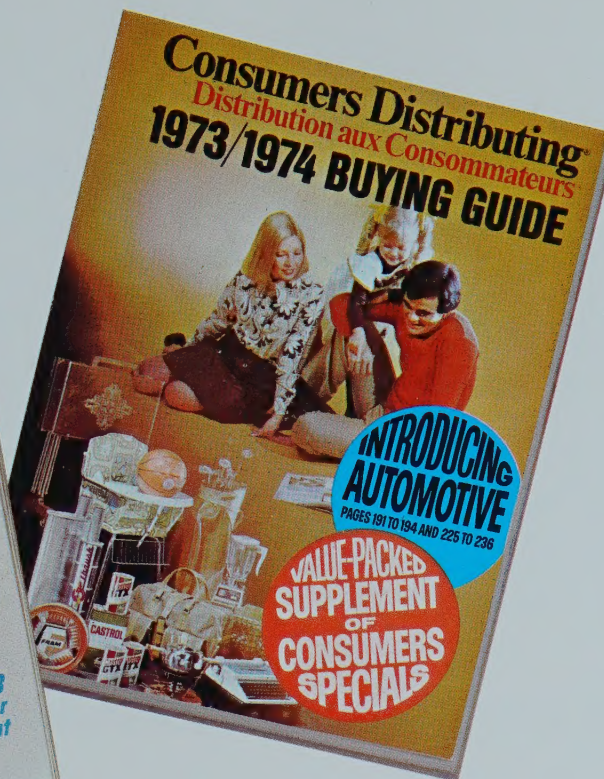
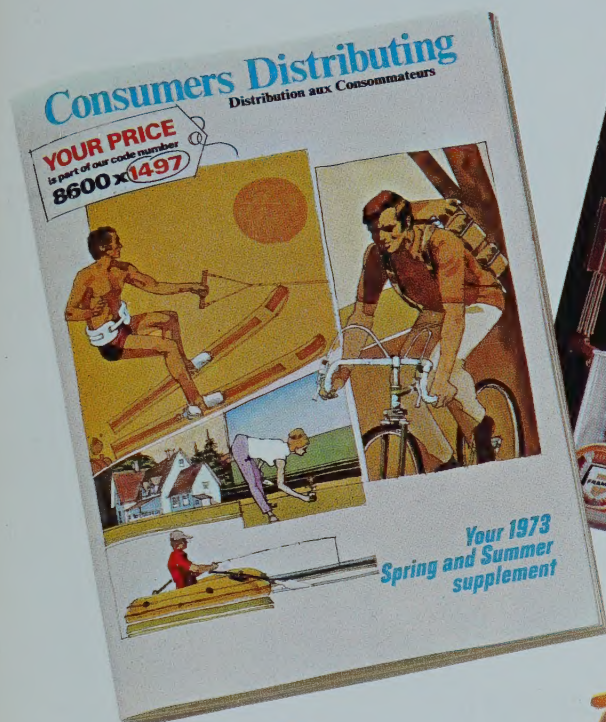


AR45



# 1973 ANNUAL REPORT



## Corporate Directory

### Directors

JACK STUPP, Chairman of the Board and President of the Company, Toronto  
L.S.D. FOGLER, Q.C., Barrister and Solicitor, Toronto  
STANLEY J. GOODMAN, Chairman of the Board and Chief Executive Officer, The May Department Stores Company, St. Louis  
A.J. LATNER, PRESIDENT, Greenwin Construction Company, Toronto  
LILLIAN STUPP, Toronto  
RAY D. WOLFE, Chairman of the Board and Chief Executive Officer, The Oshawa Group Limited, Toronto  
H.L. WOLFSON, Economic Consultant, Toronto

### Officers

JACK STUPP, Chairman of the Board and President  
LARRY SPERLING, Executive Vice-President  
ALBERT BINSTOCK, Vice-President, Merchandising  
GEORGE GRAFF, Vice-President, Special Assignments  
PETER M.C. ONIONS, Vice-President and Treasurer  
REGINALD J. ROBERTSON, Vice-President, Store Operations  
A. ROY VOELKER, Vice-President, Corporate Staff  
JOHN E. TURNER, Comptroller  
L.S.D. FOGLER, Q.C., Secretary

### Transfer agent and registrar

Guaranty Trust Company of Canada, Toronto

### Auditors

Laventhol Krekstein Horwath & Horwath, Toronto

### Bank

Canadian Imperial Bank of Commerce

### Stock listing

The Toronto Stock Exchange

### Head office

62 Belfield Road, Rexdale (Toronto), Ontario M9W 1G2

### Distribution centre

6700 Northwest Drive, Mississauga, Ontario

### Associated companies

Consumers Distributing Company (National) Limited  
62 Belfield Road, Rexdale, Ontario M9W 1G2  
Larry Sperling, President  
Consumers Distributing Company (U.S.)  
50 Hartz Way, Secaucus, New Jersey 07094  
Wilbert B. Dubin, President and Chief Operating Officer  
U.S. Distribution centres:  
50 Hartz Way, Secaucus, New Jersey  
1961 Stearman Avenue, Hayward, Calif.

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## Consumers Distributing Company Limited 1973 Annual Report

### Financial Highlights

	<u>1973</u>	<u>1972</u>
<b>Sales</b>		
Ontario .....	\$62,516,000	\$55,785,000
National .....	<u>37,551,000</u>	<u>17,704,000</u>
	100,067,000	73,489,000
<b>Net profit</b> .....	\$3,456,000	\$3,201,000
<b>Earnings per share</b> .....	78c	75c
<b>Tax-paid dividends per share</b> .....	10c	10c
<b>Shares outstanding — average</b> .....	4,454,747	4,260,088
<b>Working capital</b> .....	\$9,454,000	\$8,445,000
<b>Showrooms</b>		
Ontario .....	69	56
National .....	<u>45</u>	<u>26</u>
	114	82



## 181 Consumers Distributing Savings Centres in Canada and the United States

### 126 Catalogue Showrooms in seven Canadian provinces

#### New Brunswick (4)

Fredericton  
Moncton (2)  
Saint John

#### Nova Scotia (2)

Dartmouth  
Halifax

#### Prince Edward Island (1)

Charlottetown

#### Québec (34)

Montréal (21) •  
Châteauguay  
Chicoutimi  
Drummondville  
Granby  
Hull  
Lévis  
Québec (2)  
St-Hyacinthe  
St-Jean  
Sherbrooke  
Trois-Rivières  
Valleyfield

#### Manitoba (9)

Winnipeg (8) •••  
Brandon

#### Alberta (5)

Calgary (3) •••  
Edmonton •  
Lethbridge •

#### Ontario (71)

Toronto (18) •••

Barrie  
Belleville  
Brampton  
Brantford  
Brockville  
Burlington  
Cambridge  
Chatham  
Cornwall  
Guelph  
Hamilton (4)  
Kingston (2)  
Kitchener  
London (4)  
Mississauga (2)  
Niagara Falls  
North Bay  
Oakville  
Orangeville  
Oshawa  
Ottawa (5)  
Owen Sound  
Peterborough  
Pickering  
Richmond Hill

#### St. Catharines (2)

St. Thomas  
Sarnia  
Sault Ste. Marie  
Stratford  
Sudbury (2)  
Thunder Bay  
Waterloo  
Welland  
Whitby  
Windsor (3)  
Woodstock

### 55 Catalogue Showrooms in four U.S. states

#### Connecticut (4)

Hamden  
Norwalk •  
Stamford  
Waterbury

#### New Jersey (8)

Bricktown  
Florham Park  
Hazlet  
Ramsey  
South Orange  
Totowa  
Wayne  
W. Long Branch (Eatontown)

#### New York (14)

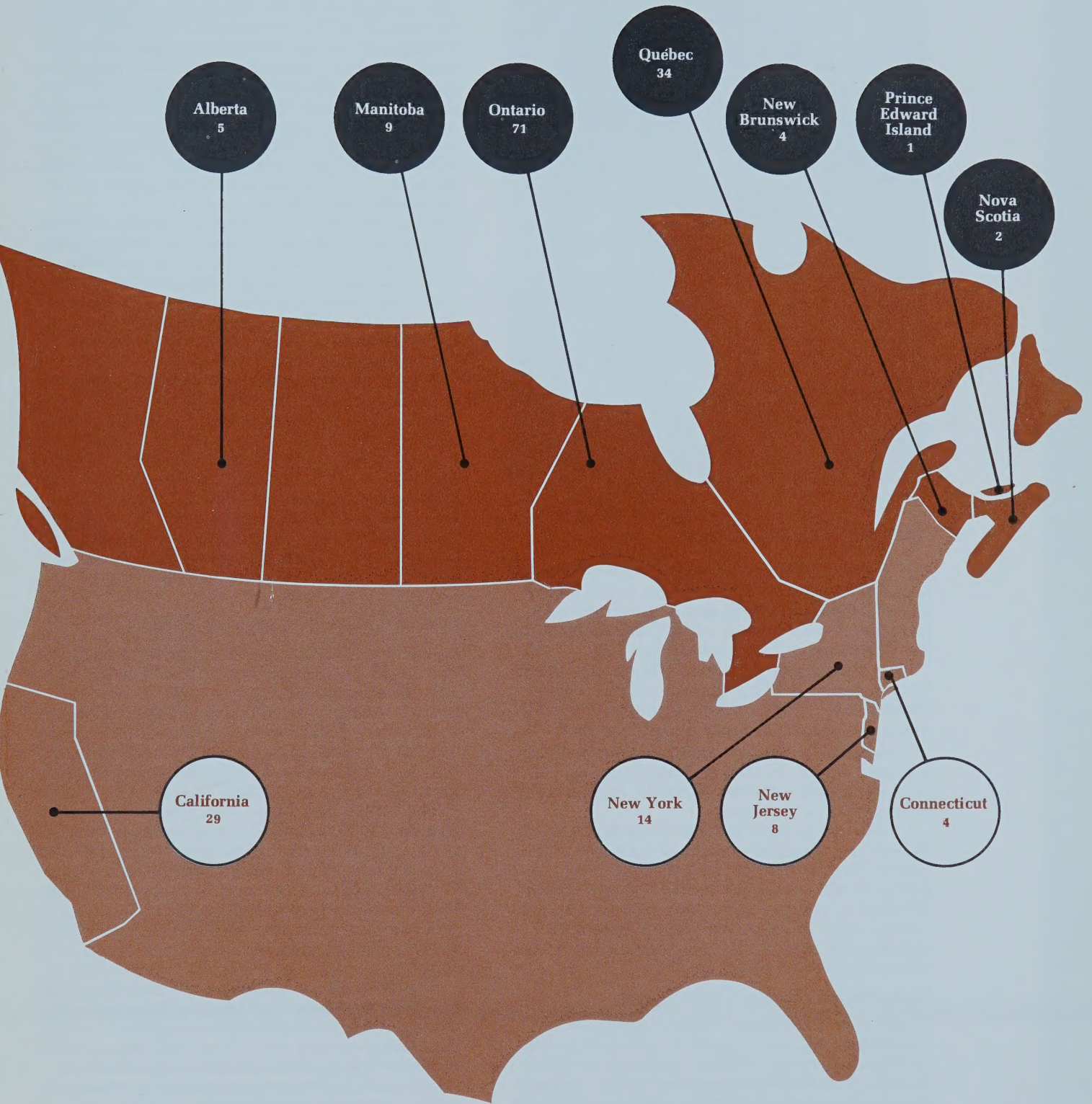
Brooklyn  
Queens (2)  
Long Island (10)  
Westchester •

#### California (29)

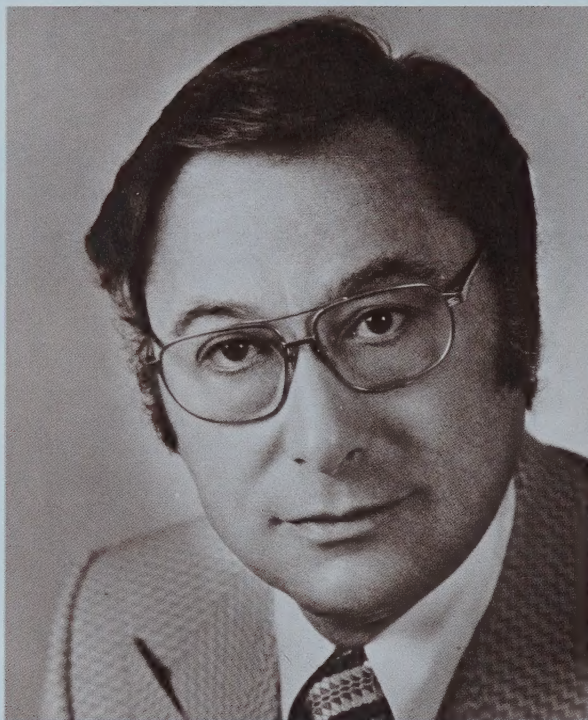
Antioch  
Campbell  
Capitola  
Colma  
Fairfield  
Fremont  
Hayward  
Mountain View  
Oakland (2)  
Pleasant Hill  
Redwood City  
Sacramento (2)  
Salinas  
San Bruno •  
San Francisco (4)  
San Jose (3)  
San Mateo  
San Pablo  
Sunnyvale  
Terra Linda  
Vallejo  
Walnut Creek

• Stores opened in 1974









## To our Shareholders

I am pleased to report that your company recorded excellent progress in 1973, during which a new major distribution centre and 32 new catalogue showrooms were opened across Canada, including our first stores in Western Canada.

An exciting new milestone was reached when your company—in partnership with The May Department Stores Company—entered the United States market in two key geographic areas.

Concurrent with this expansion, your company achieved growth in sales and earnings. Combined sales in Canada increased to \$100.1 million from \$73.4 million a year ago.

Profits rose to \$3,456,000 or 78 cents per share (based on a weighted average of 4,454,747 shares outstanding) from \$3,201,000 or 75 cents per share (on 4,260,088 shares) the previous year. It should be noted in comparing the two years that higher interest rates, increased income tax rates and higher wage rates all had a significant impact on the company's net profits for 1973.

### Canadian Distribution Centre Opens

A vast new distribution centre to serve our Canadian stores was opened on schedule in late summer. Located at Malton, northwest of Metro Toronto, this 625,000-square-foot facility replaced the previous centre in Rexdale, Ontario, which we outgrew in less than three years and has eliminated the need for satellite warehousing in several Toronto locations.

This massive new facility, together with advance buying, helped ameliorate the merchandise shortages that affected many segments of the retailing industry during the past Christmas season.

### First Western Canada Showrooms

The opening of the first Consumers Distributing showrooms in Western Canada was marked at a Winnipeg ceremony in early October at which Mayor Stephen Juba officiated. Following the opening of six showrooms in Winnipeg and Brandon, Manitoba, in the fall, eight additional units have been opened in the West so far in 1974, including stores in Edmonton, Calgary and Lethbridge, Alberta. In the coming months, more showrooms will be opened in Regina and Saskatoon, Saskatchewan.

During the year, our dominant market position in Central and Eastern Canada was strengthened by the opening of 26 new showrooms and the continued growth in sales volume in the established showrooms. Since year-end, a further four units have been added in these areas and we will shortly be opening our first showroom in St. John's, Newfoundland.

With these recent openings there are throughout Canada, as of April 30, 1974, a total of 126 showrooms—an increase from 114 on December 31, 1973. The stores in the Province of Ontario are wholly-owned, while 54 stores outside Ontario are operated by our subsidiary, Consumers Distributing Company (National) Limited, in which we hold a 50-percent interest in partnership with The Oshawa Group Limited of Toronto. Management of the 'National' operations is provided by your company and financing is furnished by Oshawa.

### Consumers Distributing Debut in U.S.

Consumers Distributing made a massive entry in the United States in September, 1973, with the simultaneous opening in two major markets—Greater New York and Greater San Francisco—of 52 showrooms. In the first four months of operation, sales of \$17.2 million were achieved. Acceptance by U.S. shoppers has been growing at a gratifying rate.

The United States operation, Consumers Distributing Company (U.S.), is managed by a partnership comprised of your company and The May Department Stores Company of St. Louis. Ownership of Consumers 'U.S.' is shared equally by the two companies, with the May Company providing financing and your company providing merchandising guidance and management direction.

The financial accounts for 1973 do not include any 'U.S.' business. Start-up costs in launching 52 catalogue showrooms and two complete distribution centres (including computer installations), together with the major effort to introduce "Consumers Distributing" to the U.S. public, resulted in a loss for the period.

Under our agreement with the May Company, this loss is borne by the May Company until it is recovered from future profits.

In addition to the 52 showrooms opened in the late autumn of 1973, three more outlets have been opened so far in 1974 and more are on the planning board. The showrooms are serviced from distribution centres of 247,000 square feet at



Secaucus, New Jersey, and 207,000 square feet at Hayward, California.

### **Introducing Automotive**

The 1973/1974 Buying Guide—our catalogue—was expanded by the inclusion of a new line of automotive merchandise. The successful launching was preceded by careful planning, including the development of a technical applications manual, product training seminars for store personnel and effective in-store displays and promotion.

In adding this line, it is not our intention to become a full-range automotive supply house, but rather to cater to some of the needs of the average do-it-yourself car owner. It has already demonstrated its appeal to the male shopper and is drawing many more men as regular customers into our stores.

The company will continue to seek new ways to maximize the effectiveness of the catalogue.

During 1973, your company also adopted new programs to raise the level of customer service in the showrooms. Store appearance, merchandise displays and employee training programs are all being given continued attention and emphasis.

### **Directors Welcomed**

At the annual meeting of shareholders held in June, 1973, we welcomed to the Board of Directors Mr. Stanley J. Goodman and Mr. Ray D. Wolfe. Mr. Goodman is Chairman and Chief Executive Officer of The May Department Stores Company, while Mr. Wolfe is Chairman and Chief Executive Officer of The Oshawa Group Limited. As senior merchandisers of great stature, they contribute an important overview to your company's activities.

Mr. Harry L. Wolfson, a director of your company since its inception in 1968, has regrettably informed us that due to ill health he will be unable to serve on the Board of Directors after the annual meeting. His valuable guidance will be sorely missed and the Board has most reluctantly acceded to his wishes. It is the intention of your directors to place the name of Mr. Larry Sperling, Executive Vice-President of the company, for election to the Board at the annual meeting.

### **Achievements Recognized**

In recognition of their respective achievements in our affiliated companies in Canada and the United States, Mr. Larry Sperling was appointed President of Consumers 'National' during the year and Mr. Wilbert B. Dubin was appointed President of Consumers 'U.S.'

Mr. Sperling has continued the growth of 'National's' operations in Canada and has supervised the highly successful entry into Western Canada. Mr. Dubin has done an excellent job in launching the U.S. operation in two widely separated regions.

Mr. Reginald J. Robertson, a Vice-President of your company, has recently assumed responsibility for store operations. Mr. George Graff has been appointed Vice-President, Special

Assignments, and is presently based with Consumers 'U.S.' at Secaucus, N.J. Mr. Jorgen Petersen, formerly Merchandising Manager at our Toronto headquarters, has been appointed Vice-President, Merchandising, for Consumers 'U.S.'

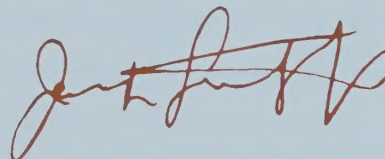
### **Further Growth Seen in 1974**

Catalogue-showroom merchandising has been gaining increased acceptance in North America in recent years. During the past year, when the public has been faced with economic uncertainty and rising inflation, Consumers Distributing has continued to reinforce its identity with the shopper both as to quality and value. This strong customer confidence, together with good management and sophisticated operating systems, will permit your company to enjoy an ever increasing share of the retail market.

Because of its strong market position and aggressive expansion programs, your company expects to obtain further growth in sales and profits this year.

### **Appreciation**

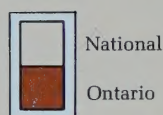
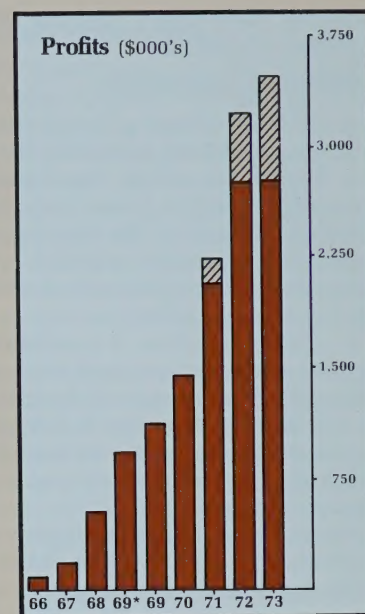
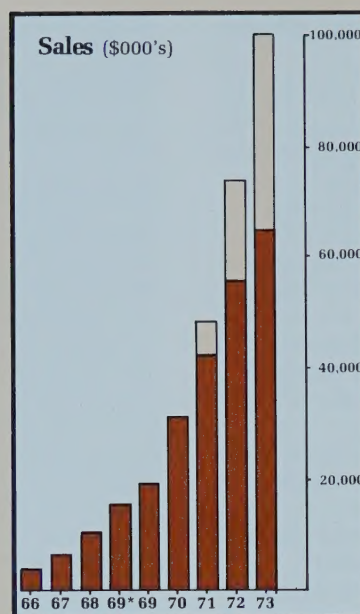
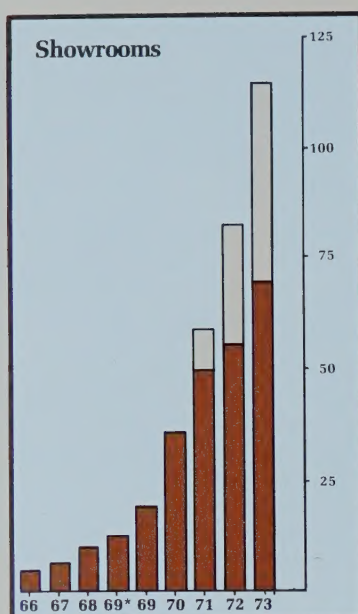
I wish to express on behalf of the Board of Directors our sincere appreciation for the contribution of all our employees and the on-going support of our customers and suppliers.




Toronto  
April 30, 1974

Jack Stupp  
Chairman of the Board  
and President





\*Years 1966 through 1969\* are for twelve months ended August 31;  
Years 1969 through 1973 are for twelve months ended December 31.

 Fifty percent share in profits of Consumers 'National'

### Six Year Comparative Summary (\$000's)

	1973	1972	1971	1970	1969	1969*
<b>Sales</b>						
Ontario .....	\$62,516	\$55,785	\$42,918	\$31,216	\$19,321	\$15,126
National .....	37,551	17,704	5,228	—	—	—
	<u>100,067</u>	<u>73,489</u>	<u>48,146</u>	<u>31,216</u>	<u>19,321</u>	<u>15,126</u>
<b>Share of net earnings of</b>						
Consumers 'National' .....	\$ 701	\$ 451	\$ 165	\$ —	\$ —	\$ —
Earnings before taxes .....	6,302	5,751	4,276	3,011	2,372	1,041
Income taxes .....	2,845	2,550	2,055	1,589	1,257	1,026
Net income .....	3,456	3,201	2,222	1,421	1,115	915
Tax-paid dividends .....	445	430	—	—	—	—
<b>Working capital .....</b>	<b>\$ 9,454</b>	<b>\$ 8,445</b>	<b>\$ 6,939</b>	<b>\$ 5,501</b>	<b>\$ 2,168</b>	<b>\$ 1,800</b>
<b>Total assets .....</b>	<b>32,801</b>	<b>27,601</b>	<b>19,955</b>	<b>14,849</b>	<b>7,165</b>	<b>4,932</b>
<b>Shareholders' equity .....</b>	<b>15,299</b>	<b>12,337</b>	<b>6,693</b>	<b>4,395</b>	<b>2,973</b>	<b>2,157</b>
<b>Shares outstanding</b>						
actual** .....	4,456,196	4,453,056	4,060,250	4,050,000	4,050,000	4,050,000
average** .....	4,454,747	4,260,088	4,039,266	4,050,000	4,050,000	3,935,254
Earnings per share** .....	78¢	75¢	55¢	35¢	28¢	23¢
Tax-paid dividends per share** ..	10¢	10¢	—	—	—	—
<b>Showrooms</b>						
Ontario .....	69	56	49	36	18	12
National .....	45	26	9	—	—	—
	<u>114</u>	<u>82</u>	<u>58</u>	<u>36</u>	<u>18</u>	<u>12</u>

\* Year 1969\* is for twelve months ended August 31;  
years 1969 through 1973 are for twelve months ended December 31

\*\*Share data is adjusted for the two-for-one stock split of August 14, 1972



## Consolidated Statement of Income and Retained Earnings

Year Ended December 31

	1973	1972
Income		
Sales .....	<b>\$62,515,604</b>	\$55,784,801
Share of net earnings of Consumers Distributing Company (National) Limited (note 1 (b)) .....	<b>701,228</b>	451,435
	<u><b>63,216,832</b></u>	<u>56,236,236</u>
Costs and expenses		
Cost of sales and operating expenses (note 3) .....	<b>55,680,052</b>	49,592,967
Debt interest (including amortization of financing expenses of \$12,000) .....	<b>12,000</b>	115,680
Other interest .....	<b>795,645</b>	453,717
Depreciation and amortization of equipment and leasehold improvements .....	<b>427,592</b>	323,363
	<u><b>56,915,289</b></u>	<u>50,485,727</u>
Income before income taxes .....	<b>6,301,543</b>	5,750,509
Income taxes .....	<b>2,845,183</b>	2,549,900
Net income .....	<b>3,456,360</b>	3,200,609
Retained earnings at beginning of year .....	<b>8,593,788</b>	5,900,004
	<b>12,050,148</b>	9,100,613
Tax paid to create tax-paid undistributed surplus on hand .....	<b>(80,186)</b>	(77,288)
Tax-paid dividends .....	<b>(445,488)</b>	(429,537)
Retained earnings at end of year .....	<u><b>\$11,524,474</b></u>	<u>\$ 8,593,788</u>
Earnings per share (note 11) .....	<u><b>\$ .78</b></u>	<u>\$ .75</u>

See accompanying notes



**Consolidated Balance Sheet****December 31**

<b>Assets</b>	<b>1973</b>	<b>1972 (note 12)</b>
Current		
Cash and short-term deposits .....	\$ 2,585,213	\$ 189,653
Accounts receivable .....	918,948	679,693
Due from Consumers Distributing Company (National) Limited .....	2,680,295	—
Inventory, at lower of cost and net realizable value .....	18,623,435	21,252,502
Prepaid expenses and sundry assets .....	818,288	644,985
Total current assets .....	25,626,179	22,766,833
Investment in Consumers Distributing Company (National) Limited (note 1 (b)) .....	1,317,475	616,247
Investment in Consumers Distributing Company (U.S.) (note 1 (c)) .....	124,876	124,876
Equipment and leasehold improvements, at cost less accumulated depreciation and amortization (note 2) .....	4,769,472	3,287,220
Other assets		
Financing expenses, less amounts amortized .....	78,490	90,490
Deferred charges, less amounts amortized (note 3) .....	662,268	590,048
Sundry .....	221,861	125,256
	962,619	805,794
	<u>\$32,800,621</u>	<u>\$27,600,970</u>
<b>Liabilities</b>		
Current		
Bank loan (note 4) .....	\$ —	\$ 4,015,000
Accounts payable and accrued liabilities .....	15,856,225	7,888,327
Due to Consumers Distributing Company (National) Limited .....	—	1,603,123
Dividends payable .....	111,400	—
Income taxes .....	204,395	815,805
Total current liabilities .....	16,172,020	14,322,255
Deferred income taxes (note 5) .....	1,329,373	941,425
<b>Shareholders' Equity</b>		
Capital stock (notes 6 and 7)		
Authorized		
12,000,000 Common shares, without par value		
Issued		
4,456,196 Common shares .....	3,774,754	3,743,502
Retained earnings .....	11,524,474	8,593,788
	15,299,228	12,337,290
	<u>\$32,800,621</u>	<u>\$27,600,970</u>

See accompanying notes

On behalf of the Board

JACK STUPP Director  
L.S.D. FOGLER Director



## Consolidated Statement of Source and Application of Funds

Year Ended December 31

	1973	1972 (note 12)
Source of funds		
From operations		
Net income .....	\$ 3,456,360	\$ 3,200,609
Add (deduct) charges (credits) to income not requiring a current outlay of funds		
Depreciation and amortization of equipment and leasehold improvements .....	427,592	323,363
Amortization of deferred charges .....	309,880	224,456
Amortization of financing expenses .....	12,000	12,000
Deferred income taxes .....	387,948	254,408
Share of net earnings of Consumers Distributing Company (National) Limited .....	(701,228)	(451,435)
	<u>3,892,552</u>	<u>3,563,401</u>
Issue of shares (note 6) .....	31,252	25,067
	<u>3,923,804</u>	<u>3,588,468</u>
Application of funds		
Deferred charges .....	382,100	349,131
Investment in Consumers Distributing Company (U.S.) .....	—	124,876
Tax paid to create tax-paid undistributed surplus on hand .....	80,186	77,288
Dividends .....	445,488	429,537
Equipment and leasehold improvements .....	1,909,844	976,875
Sundry other assets .....	96,605	125,256
	<u>2,914,223</u>	<u>2,082,963</u>
Increase in working capital .....	1,009,581	1,505,505
Working capital at beginning of year, as restated (note 12) .....	8,444,578	6,939,073
Working capital at end of year .....	<u>\$ 9,454,159</u>	<u>\$ 8,444,578</u>

See accompanying notes

## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Consumers Distributing Company Limited and its subsidiaries as at December 31, 1973 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
April 9, 1974

*Lawrence K. Peterson, Horwath & Horwath*  
Chartered Accountants



## Notes to Consolidated Financial Statements December 31, 1973

### 1. Principles of consolidation

- (a) The consolidated financial statements include the accounts of the company and subsidiary companies, all of which are wholly-owned.
- (b) The investment in 50% of the common shares of Consumers Distributing Company (National) Limited is carried at cost plus the company's equity in undistributed net earnings. The company's share of net earnings is included in the consolidated statement of income and retained earnings.

Condensed operating results of Consumers Distributing Company (National) Limited are as follows:

	Year Ended December 31, 1973	Year Ended December 31, 1972
Sales .....	<u>\$37,550,840</u>	<u>\$17,703,693</u>
Net earnings .....	<u>\$ 1,402,457</u>	<u>\$ 902,870</u>
Consumers Distributing Company Limited share thereof (50%)	<u>\$ 701,228</u>	<u>\$ 451,435</u>

- (c) The investment in Consumers Distributing Company (U.S.) represents a 50% interest (at cost) in a partnership between a wholly-owned subsidiary of the company and May Catalog Showrooms, Inc., a wholly-owned subsidiary of The May Department Stores Company.

The partnership currently operates 53 retail catalogue showrooms in the States of New York (13), New Jersey (8), Connecticut (4) and California (28), U.S.A., has opened 2 central warehouses and distribution centres in the States of New Jersey and California, and opened its first showrooms on August 30, 1973. Under the terms of the partnership agreement May Catalog Showrooms, Inc. is required to lend to the partnership up to \$25 million through April 3, 1976 and, subject to the attainment of certain goals by the partnership, up to an additional \$25 million during the period April 4, 1976 through March 31, 1979. As at December 31, 1973 May Catalog Showrooms, Inc. had advanced to the partnership the sum of \$26,961,000. All losses of the partnership are allocated to May Catalog Showrooms, Inc. and are to be offset against future profits before such profits are allocated equally to the partners. In 1973 the partnership incurred losses, after writing off all branch and head office start-up costs, aggregating approximately \$3.6 million (before income tax recovery) which were borne in their entirety by May Catalog Showrooms, Inc. Sales from September 1, 1973 to December 29, 1973 were approximately \$17 million of which sales in the month of December amounted to approximately \$11 million.

### 2. Equipment and leasehold improvements

	Annual Rates	Cost	Accumulated Depreciation and Amortization	Net
Office, warehouse and showroom equipment	5% and 10%	\$4,288,839	\$ 884,743	\$3,404,096
Leasehold improvements	Term of Lease	1,013,955	284,718	729,237
Automotive equipment	10% and 20%	771,576	135,437	636,139
		<u>\$6,074,370</u>	<u>\$1,304,898</u>	<u>\$4,769,472</u>

The annual rates are applied to original cost and are designed to write off the assets over their estimated useful life.

### 3. Deferred charges

	1973	1972
Pre-opening costs relating to new branches—amortized over 24 months for Metropolitan Toronto locations and over 36 months for other locations, commencing with the month after the date of opening.	<u>\$459,054</u>	<u>\$299,603</u>
Costs for development of new systems and procedures—amortized over varying periods not exceeding thirty-six months.	<u>116,215</u>	<u>186,601</u>
Costs related to Consumers Distributing Company (U.S.) to be amortized over the first phase of the U.S. Partnership Agreement (Note 1 (c)).	<u>86,999</u>	<u>103,844</u>
	<u>\$662,268</u>	<u>\$590,048</u>

Deferred charges amortized during 1973 and included in cost of sales and operating expenses on the consolidated statement of income and retained earnings amount to \$309,880 (1972—\$224,456).

### 4. Bank loan

Although the company was not indebted to the bank as at December 31, 1973, a collateral floating charge on all of the assets of the company is held by the bank. The company has also given the bank an assignment of book debts and assignments of life insurance policies in the amount of \$2,100,000.

### 5. Income taxes

The company follows the tax allocation principle of providing for income taxes. Under this principle, deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amortization recorded in the accounts, and from writing off for income tax purposes financing expenses, deferred charges and other deferred costs in the year incurred.



## Notes to Consolidated Financial Statements

### 6. Capital stock

	1973		1972	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Balance at beginning of year	4,453,056	\$3,743,502	2,030,125	\$ 793,435
Stock split in 1972 (2 for 1)	—	—	2,030,125	—
As restated	4,453,056	3,743,502	4,060,250	793,435
Shares issued during year				
On exercise of stock options (Note 7)	3,140	31,252	2,850	25,067
On conversion of Series A debentures in 1972	—	—	389,956	2,925,000
Balance at end of year	4,456,196	\$3,774,754	4,453,056	\$3,743,502

### 7. Stock options and reservation of shares

In connection with the company's Employee Stock Option Plan, 200,000 Common shares have been reserved. At December 31, 1973 there were options outstanding to purchase 196,980 shares exercisable at prices ranging from \$7.75 to \$32.50 over the next ten years.

### 8. Lease obligations

Property and equipment rental for the year ended December 31, 1973 amounted to \$2,766,778.

Minimum rentals payable under long-term leases for property and equipment in effect as at December 31, 1973 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

1974	\$ 2,979,490	1979	\$ 2,662,495
1975	\$ 2,798,931	1980	\$ 2,342,184
1976	\$ 2,732,253	1981	\$ 2,178,121
1977	\$ 2,707,956	1982	\$ 2,184,126
1978	\$ 2,673,839	1983 to 1997 (incl)	\$24,385,600

Subsequent to December 31, 1973 the company has made further lease commitments relating to branch openings in 1974.

### 9. Contingent liability

The company is jointly and severally liable with The Os-hawa Group Limited as guarantor of the leases of Consumers Distributing Company (National) Limited. The annual minimum rentals payable by Consumers Distributing Company (National) Limited under long-term leases in effect as at December 31, 1973 are as follows:

1974	\$ 1,250,803	1979	\$ 1,207,348
1975	\$ 1,256,639	1980	\$ 1,207,348
1976	\$ 1,258,222	1981	\$ 1,201,045
1977	\$ 1,231,017	1982	\$ 1,165,511
1978	\$ 1,203,571	1983 to 1997 (incl.)	\$14,365,229

### 10. Remuneration of directors and senior officers

The aggregate direct remuneration paid by the company and its consolidated subsidiaries to directors and senior officers of the company for the year ended December 31, 1973 was \$372,425 (1972—\$336,783).

### 11. Earnings per share

The earnings per share figures were calculated using the weighted daily average of shares outstanding during the respective fiscal years. Fully diluted earnings per share for 1973 would be \$.77 and reflect the effect on earnings per share which would result from the exercise of all employee stock options based on the assumption that the funds to be derived therefrom would be used to reduce bank indebtedness. The resultant interest savings, after income taxes, would be \$98,000.

### 12. Comparative figures

Comparative 1972 figures on the balance sheet and the statement of source and application of funds have been reclassified to conform with 1973 statement presentation. The reclassifications are summarized as follows:

	Prepaid Expenses And Sundry Assets	Deferred Charges	Investment In Consumers Distributing Company (U.S.)	Other Assets Sundry
As previously reported	\$780,117	\$705,048	\$ —	\$ —
Reclassifications				
Investment in Consumers Distributing Company (U.S.)	(9,876)	(115,000)	124,876	—
Other assets, sundry	(125,256)	—	—	125,256
	<u>\$644,985</u>	<u>\$590,048</u>	<u>\$124,876</u>	<u>\$125,256</u>



## Consumers Distributing in Canada . . .

Larry Sperling, executive vice-president, is briefed on operating projections by Peter Onions (right), vice-president and treasurer and John Turner (centre), comptroller.



Merchandising activities at Consumers Distributing are headed by Albert Binstock (left), vice-president, merchandising, examining a catalogue layout with Frank Millsop, director of catalogue production and Bob Morrison, art co-ordinator.



The company's giant new distribution centre at Malton, Ontario came on stream smoothly since its start-up in September. Roy Voelker (left), vice-president, corporate staff and Bob Weaver, distribution manager, check out a feature of the new centre—the roller racking installation which speeds the handling of high-turnover merchandise.



Consumers' fleet of tractor and trailer units handles the round-the-clock flow of merchandise from the Canadian distribution centre at Malton, Ontario, northwest of Metro Toronto to the showroom warehouses across the country.



Charm bracelets in gold and sterling silver have been winning approval in Consumers' jewellery section.



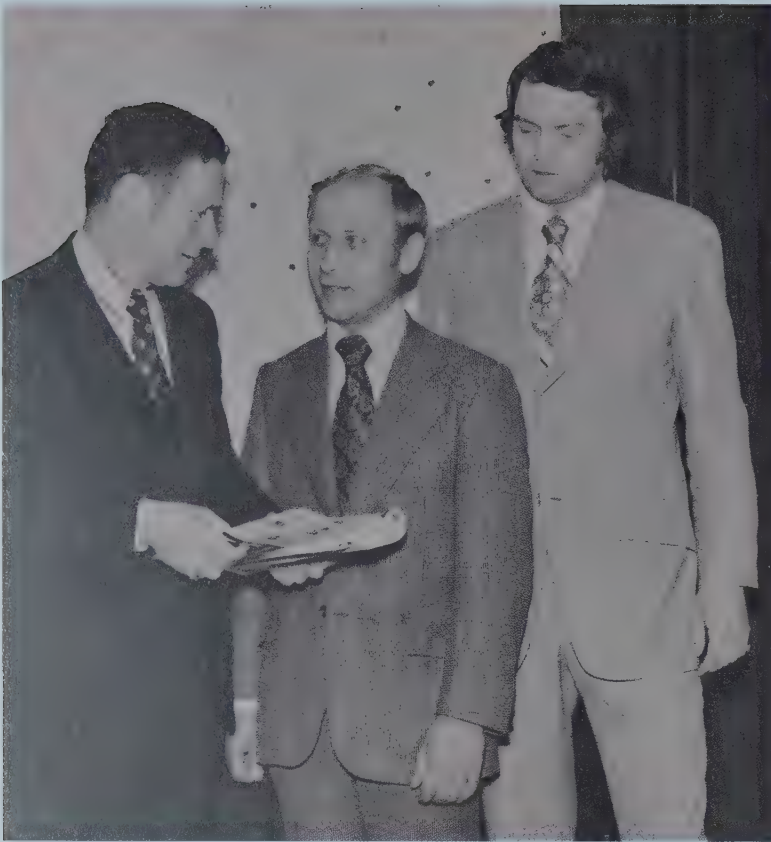
A class in the company's new training program for store management personnel is led here by Reg Robertson, vice-president, store operations and Elizabeth Cox, training co-ordinator.



The first Consumers Distributing showrooms in Western Canada were opened in Winnipeg in 1973.

Geoff Holt (right), director of marketing and Ken Avery, real estate manager, Western Canada, review locations of new stores in the West.





Wilbert Dubin (left), president, led the entry of Consumers Distributing 'U.S.' George Graff, a vice-president of Consumers Canada is on special assignment to our U.S. associate and Jorgen Petersen another Canadian was recently appointed vice-president, merchandising, of Consumers 'U.S.'

## Consumers Distributing in the United States

Fifty-five catalogue showrooms been opened by Consumers Distributing 'U.S.'



Distribution centres at Secaucus N.J. (top) and Hayward, Calif. (bottom) serve Consumers Distributing Company (U.S.) showrooms in the Greater New York and Greater San Francisco regions.



## Consumers Distributing et aux Etats-Unis

Cinquante-cinq salles d'exposition avec catalogue ont été inaugurées par Consumers Distributing 'U.S.'



Wilbert Dubin (à gauche), président, a dirigé la pénétration de Consumers Distributing 'U.S.' George Graff, un vice-président de Consumers au Canada est en fonction spéciale pour notre associée aux Etats-Unis et Jorgen Petersen, un autre Canadien, fut récemment nommé vice-président, mise en marché, de Consumers 'U.S.'



Les centres de distribution à Secaucus N.J. (en-haut) et à Hayward, Calif. (au-dessous) desservent les salles d'expositions de Consumers Distributing Company (U.S.) dans le Grand New York et dans le Grand San Francisco.



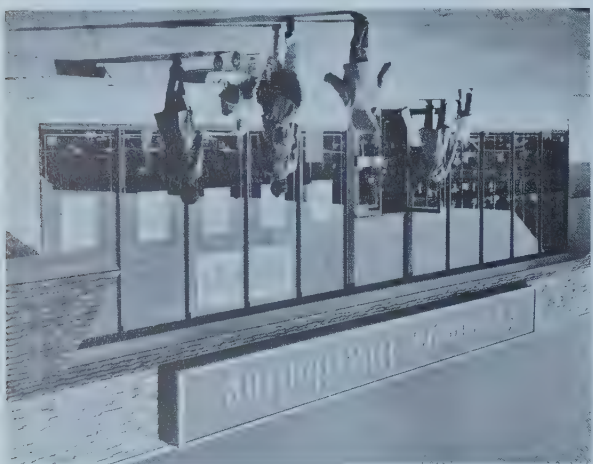
Des bracelets porte-bonheur en or et en argent sterling sont devenus populaires dans la section des bijoux de Consumers.



Une classe dans le nouveau programme de formation de la compagnie pour le personnel de direction des magasins est dirigée ici par Reg Robertson, vice-président, opération des magasins et Elizabeth Cox, coordinatrice de l'enseignement.



Les premières salles d'exposition de Consumers Distributing dans l'ouest du Canada, furent inaugurées à Winnipeg en 1973.

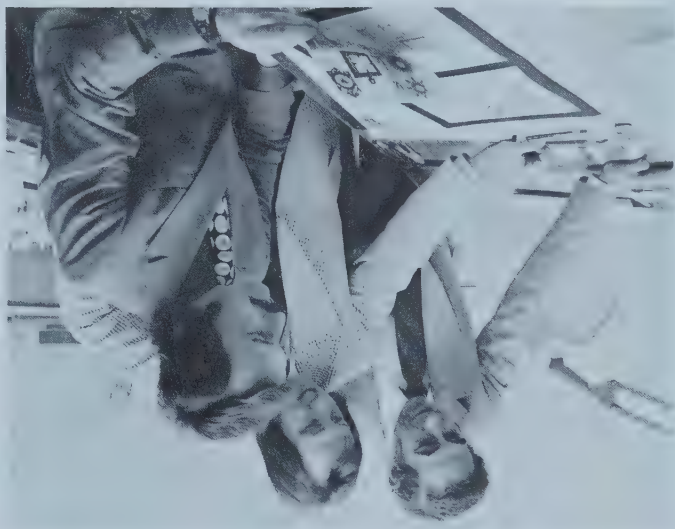


Geoff Holt (à droite), directeur de la commercialisation et Ken Avery, directeur des valeurs immobilières, pour l'ouest du Canada, étudient les emplacements des nouveaux magasins dans l'ouest.



## Consumers Distributing au Canada...

Larry Sperling, vice-président administratif, écoute les projections d'opérations transmises par Peter Onions (à droite), vice-président et trésorier et par John Turner (au centre), contrôleur.



Les opérations de mise en marché chez Consumers Distributing sont dirigées par Albert Binstock (à gauche), vice-président, mise en marché, qui examine une présentation de catalogue avec Frank Millisop, directeur de la production du catalogue et Bob Morrison, coordonnateur des arts graphiques.



Le nouveau centre géant de distribution de la compagnie à Malton, Ontario fonctionne bien depuis son début en septembre. Roy Voelker (à gauche), vice-président, personnel corporatif et Bob Weaver, gérant de la distribution, vérifient les caractéristiques du nouveau centre, l'installation d'étagères mobiles qui permet une manutention plus rapide des marchandises.



La flotte de gros camions et de remorques de Consumers manipule la distribution des marchandises vingt-quatre heures par jour du centre de distribution canadien à Malton, Ontario, au nord-ouest du Grand Toronto, jusqu'aux entrepôts des salles d'expositions à travers le pays.



## Notes aux états financiers consolidés

### 6. Capital-actions

	1973	1972
Nombre d'actions émises	Montant	Montant
Soie au début de l'exercice	4,453,056	2,030,125
Fractionnement d'actions en 1972 (2 contre 1)	—	2,030,125
Soie rectifiée	4,453,056	3,743,502
Actions émises pendant l'exercice:		
Par l'exercice des privilèges de souscription (note 7)	3,140	31,252
Par la conversion des obligations non garanties, série A, en 1972	—	389,956
Soie en fin d'exercice	4,456,196	4,453,056

### 7. Privilèges de souscription et actions réservées

Dans le cadre d'un privilège de souscription consenti à ses employés, la Compagnie a réservé 200,000 actions ordinaires. Au 31 décembre 1973, des options avaient été consenties pour la souscription de 196,980 actions à des coûts s'échelonnant de \$7.75 à \$32.50 au cours des dix prochains exercices.

### 8. Engagements des baux à long terme

Le coût de location d'immeubles et d'équipement s'élevait à \$2,766,778 pour l'exercice terminé le 31 décembre 1973. Les engagements financiers annuels minimums résultant des baux à long terme en vigueur au 31 décembre 1973 (à l'exclusion de l'assurance, des taxes et autres frais d'occupation) sont les suivants:

1974	\$ 2,979,490	1979	\$ 2,662,495
1975	\$ 2,798,931	1980	\$ 2,342,184
1976	\$ 2,732,253	1981	\$ 2,178,121
1977	\$ 2,707,956	1982	\$ 2,184,126
1978	\$ 2,673,839	1983 à 1997 (incl)	\$ 24,385,600

Ultimeurement au 31 décembre 1973, la Compagnie a conclu d'autres baux relativement à l'ouverture de succursales en 1974.

### 9. Passif éventuel

La Compagnie est conjointement et solidairement responsable avec The Oshawa Group Limited, à titre de caution, des baux de Consumers Distributing Company (National) Limited. Les loyers minimums annuels payables par Consumers Distributing Company (National) Limited en vertu de baux à long terme en vigueur au 31 décembre 1973 sont les suivants:

1974	\$ 1,250,803	1979	\$ 1,207,348
1975	\$ 1,256,639	1980	\$ 1,207,348
1976	\$ 1,258,222	1981	\$ 1,201,045
1977	\$ 1,231,017	1982	\$ 1,165,511
1978	\$ 1,203,571	1983 à 1997 (incl)	\$ 14,365,229

### 12. Chiffres comparatifs

Les chiffres comparatifs du bilan de 1972 et l'état de la source et de l'emploi des fonds ont été reclassés pour être conformes à la présentation des états financiers de 1973. La reclassification est résumée comme suit:

Autres placements dans actifs divers	Frais payés d'avance et éléments reportés	Frais d'actif divers	Report précédent
\$644,985	\$780,117	\$705,048	\$ —
(125,256)	—	—	—
\$590,048	\$115,000	124,876	—
\$125,256	—	—	—

### 11. Bénéfice par action

Le bénéfice par action a été calculé en fonction de la moyenne pondérée journalière des actions en circulation chaque jour des exercices financiers concernés. Le bénéfice refléterait l'effet qu'aurait eu sur le bénéfice par action l'exercice des privilèges de souscription d'actions ordinaires consentis aux employés en présumant que les fonds en décaissant seraient utilisés pour réduire l'emprunt bancaire. Le bénéfice ainsi réalisé, après déduction pour impôts serait de \$98,000.

### 10. Rémunération des administrateurs et des cadres supérieurs

Le cumul de la rémunération directe payée par la Compagnie et ses filiales aux administrateurs et cadres supérieurs de la Compagnie pour l'exercice terminé le 31 décembre 1973 s'élevait à \$372,425 (1972—\$336,783).



Notes aux états financiers consolidés  
31 DÉCEMBRE 1973

1. Principes de consolidation

- (a) La consolidation des états financiers inclut les comptes de la Compagnie et de toutes ses filiales en propriété exclusive.

- (b) Le placement dans 50% des actions ordinaires de Consumers Distributing Company (National) Limited est porté au bilan au coût, augmenté de la participation de la Compagnie aux bénéfices non répartis. La participation de la Compagnie au bénéfice net est reflétée dans l'état consolidé du revenu et des bénéfices non répartis.
- Les résultats sommaires d'exploitation de Consumers Distributing Company (National) Limited sont les suivants:

	Exercice terminé le 31 décembre 1973	Exercice terminé le 31 décembre 1972
Ventes .....	\$37,550,840	\$17,703,693
Bénéfices net .....	\$ 1,402,457	\$ 902,870
Part de Consumers Distributing Company Limited (50%)	\$ 701,228	\$ 451,435

Le placement dans Consumers Distributing Company (U.S.) représente un intérêt de 50% dans une association conclue entre une filiale en propriété exclusive de la Compagnie et May Catalog Showrooms, Inc., une filiale en propriété exclusive de The May Department Stores Company.

Actuellement l'association exploite 53 salles d'exposition de vente au détail sur catalogue dans les états de New York (13), New Jersey (8), Connecticut (4), et Californie (28), aux Etats-Unis, et elle a ouvert 2 entrepôts principaux et centres de distribution dans les états de New Jersey et de Californie. Ses premières salles d'exposition ont ouvert leurs portes le 30 août 1973. Aux termes du contrat d'association, May Catalog Showrooms, Inc. est tenu de prêter à l'association jusqu'à \$25 millions d'ici le 3 avril 1976 et, sous réserve de la réalisation par l'association de certains objectifs, jusqu'à concurrence de \$25 millions supplémentaires entre le 4 avril 1976 et le 31 mars 1979. Le 31 décembre 1973, May Catalog Showrooms, Inc. avait avancé à l'association la somme de \$26,961,000. Toutes les pertes de l'association sont assignées à May Catalog Showrooms, Inc., et sont destinées à être compensées par les profits futurs avant que ces profits soient répartis équitablement entre les associés. En 1973, l'association a subi des pertes, après amortissement des frais de démarrage de toutes les succursales et du siège social (avant récupération de l'impôt sur le revenu) pertes qui ont été supportées intégralement par May Catalog Showrooms, Inc. Les ventes du 1er septembre 1973 au 29 décembre 1973 s'élevaient approximativement à \$17 millions dont celles de décembre seul comp-

taient pour environ \$11 millions.

2. Equipement et améliorations locales

Amortissement accumulé	Coût	Taux annuels	Equipement de
Valuer nette			
\$3,404,096	\$ 884,743	5% et 10%	\$4,288,839
729,237	284,718	Terme du bail	1,013,955
636,139	135,437	10% et 20%	771,576
\$4,769,472	\$1,304,898		\$6,074,370

Les taux annuels sont appliqués sur le coût d'origine des actifs et ont été établis en fonction de la durée probable de leur utilisation.

3. Frais reportés

1973	1972
\$459,054	\$299,603
116,215	186,601
86,999	103,844
\$662,268	\$590,048

Les frais reportés amortis pendant 1973 et inclus dans le coût des ventes et les frais d'exploitation inscrits dans l'état consolidé du bénéfice et des bénéfices non répartis s'élevaient à \$309,880 (1972—\$224,456).

4. Emprunt bancaire

Bien qu'elle n'ait pas été endettée envers la banque au 31 décembre 1973, la banque détient en nantissement une charge flottante sur tous les actifs de la Compagnie. De plus, la Compagnie a fait cession en faveur de la banque de comptes à recevoir et de polices d'assurance-vie pour un montant de \$2,100,000.

5. Impôts sur le revenu

La Compagnie pourvoit à ses impôts d'après son bénéfice comptable. Il résulte de cette méthode un report d'impôts qui provient de l'utilisation pour fins d'impôts, de taux d'amortissement supérieurs à ceux comptabilisés dans les livres de la Compagnie, et de la réclamation à titre de dépenses de l'exercice, des frais de financement et des autres frais reportés amortis sur quelques exercices dans les livres de la Compagnie.



## Etat Consolidé de la Source et de l'Emploi des Fonds

Source des fonds		1972	Exercice terminé le 31 décembre
Exploitation de l'entreprise	Bénéfice net .....	\$ 3,456,360	\$ 3,200,609
	Plus (moins) frais (revenus) ne requérant aucune sortie de fonds		
Dépréciation amortissement de l'équipement et des améliorations locales .....	427,592	323,363	
Amortissement des frais reportés .....	309,880	224,456	
Amortissement des frais de financement .....	12,000	12,000	
Impôts sur le revenu reportés .....	387,948	254,408	
Part du bénéfice net de Consumers Distributing Company (National) Limited .....	(701,228)	(451,435)	
Emission d'actions (note 6) .....	3,892,552	3,563,401	
	31,252	25,067	
Emploi des fonds	3,923,804	3,588,468	
Frais reportés .....	382,100	349,131	
Placement dans Consumers Distributing Company (U.S.) .....	—	124,876	
Impôts payés pour créer un surplus en main non réparti et libère d'impôt .....	80,186	77,288	
Dividendes, libères d'impôts .....	445,488	429,537	
Équipement et améliorations locales .....	1,909,844	976,875	
Divers .....	96,605	125,256	
Augmentation du fonds de roulement .....	2,914,223	2,082,963	
	1,009,581	1,505,505	
Fonds de roulement au début de l'exercice, comme réindiqué (note 12) .....	8,444,578	6,939,073	
Fonds de roulement à la fin de l'exercice .....	\$ 9,454,159	\$ 8,444,578	

Voir notes annexées

## Rapport des Vérificateurs aux Actionnaires

Nous avons examiné le bilan consolidé de Consumers Distributing Company Limited et de ses filiales au 31 décembre 1973, et les états consolidés du bénéfice et des bénéfices non répartis et de la source et de l'emploi des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des protocdes comptables et tels sondages des registres comptables et autres préconvenues à l'appui que nous avons jugés nécessaires dans les circonstances.

À notre avis, ces états financiers consolidés présentent fidèlement la situation financière de ces compagnies au 31 décembre 1973 et leurs résultats d'exploitation et la source et l'emploi des fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été appliqués de la même manière qu'au cours de l'exercice précédent.

Comptables agréés.

Toronto, Ontario  
9 avr 1974

## Bilan Consolidé

31 Décembre

Actif		1973	1972
<b>Disponibilités</b>			
Encaisse et dépôts à court terme		\$ 2,585,213	\$ 189,653
Comptes à recevoir		918,948	679,693
A recevoir de Consumers Distributing Company (National) Limited		2,680,295	—
Stock au moindre coût et de la valeur nette de réalisation		18,623,435	21,252,502
Frais payés d'avance et autres comptes		818,288	644,985
Total des disponibilités		25,626,179	22,766,833
Placement dans Consumers Distributing Company (National) Limited (note 1(b))		1,317,475	616,247
Placement dans Consumers Distributing Company (U.S.) (note 1(c))		124,876	124,876
Équipement et améliorations locatives, au coût moins l'amortissement accumulé (note 2)		4,769,472	3,287,220
Autres postes		78,490	90,490
Frais de financement, moins amortissement accumulé		662,268	590,048
Frais reportés, moins amortissement accumulé (note 3)		221,861	125,256
Divers		962,619	805,794
		\$32,800,621	\$27,600,970
<b>Passif</b>			
<b>Exigibilités</b>			
Emprunt bancaire (note 4)		\$ —	\$ 4,015,000
Comptes à payer et frais courus		15,856,225	7,888,327
Avances de Consumers Distributing Company (National) Limited		—	1,603,123
Dividendes à payer		111,400	—
Impôts sur le revenu		204,395	815,805
Total des exigibilités		16,172,020	14,322,255
Impôts reportés sur le revenu (note 5)		1,329,373	941,425
<b>Avoir des actionnaires</b>			
<b>Capital-actions (notes 6 et 7)</b>			
Autorisé			
12,000,000 actions ordinaires, sans valeur au pair			
Émis			
4,456,196 actions ordinaires		3,774,754	3,743,502
Bénéfices non répartis		11,524,474	8,593,788
		15,299,228	12,337,290
		\$32,800,621	\$27,600,970

Voir notes annexées

Signé pour le conseil d'administration

JACK STUPP Administrateur  
L.S.D. FOGLEF Administrateur



Exercice terminé le 31 décembre

Etat Consolidé du Bénéfice et des Bénéfices non Répartis

	1973	1972
Revenus		
Ventes	\$62,515,604	\$55,784,801
Part du bénéfice de Consumers Distributing Company (National) Limited (note 1(b))	701,228	451,435
	<u>63,216,832</u>	<u>56,236,236</u>
Coûts et dépenses		
Coût des ventes et frais d'exploitation (note 3)	55,680,052	49,592,967
Intérêts sur obligations non garanties (y compris amortissement des frais de financement de \$12,000)	12,000	115,680
Autres intérêts	795,645	453,717
Dépréciation et amortissement de l'équipement et des améliorations locatives	<u>427,592</u>	<u>323,363</u>
	<u>56,915,289</u>	<u>50,485,727</u>
Bénéfice avant impôts sur le revenu	6,301,543	5,750,509
Impôts sur le revenu	2,845,183	2,549,900
Bénéfice net	<u>3,456,360</u>	<u>3,200,609</u>
Bénéfices non répartis au début de l'exercice	<u>8,593,788</u>	<u>5,900,004</u>
	<u>12,050,148</u>	<u>9,100,613</u>
Impôts payés pour créer un surplus en main non réparti et libère d'impôt	(80,186)	(77,288)
Dividendes, libères d'impôts	<u>(445,488)</u>	<u>(429,537)</u>
Bénéfices non répartis à la fin de l'exercice	<u>\$11,524,474</u>	<u>\$ 8,593,788</u>
Bénéfice par action (note 11)	\$ .78	\$ .75

Voir notes annexées

# Sommaire Comparatif de Six Années

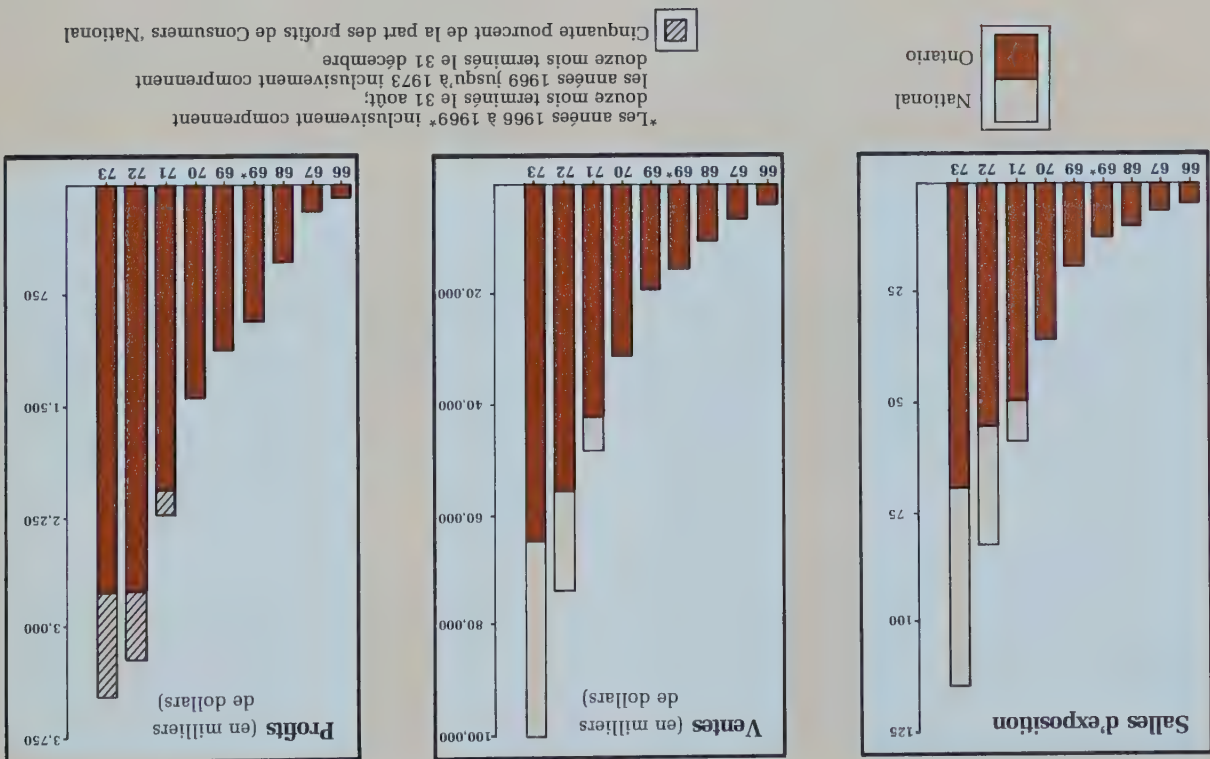
(en milliers de dollars)

	1973	1972	1971	1970	1969	1969*
<b>Ventes</b>						
Ontario .....	\$ 62,516	\$55,785	\$42,918	\$31,216	\$19,321	\$15,126
National .....	37,551	17,704	5,228	—	—	—
<b>Part des bénéfices nets de Consumers 'National'</b>	\$ 701	\$ 451	\$ 165	\$ —	\$ —	\$ —
Bénéfices avant les impôts .....	6,302	5,751	4,276	3,011	2,372	1,041
Impôt sur le revenu .....	2,845	2,550	2,055	1,589	1,257	1,026
Revenu net .....	3,456	3,201	2,222	1,421	1,115	915
Dividendes après impôts .....	445	430	—	—	—	—
Fonds de roulement .....	\$ 9,454	\$ 8,445	\$ 6,939	\$ 5,501	\$ 2,168	\$ 1,800
Total de l'actif .....	32,801	27,601	19,955	14,849	7,165	4,932
Avoir des actionnaires .....	15,299	12,337	6,693	4,395	2,973	2,157
<b>Actions en circulation</b>						
réelles** .....	4,456,196	4,453,056	4,060,250	4,050,000	4,050,000	4,050,000
en moyenne** .....	4,454,747	4,260,088	4,039,266	4,050,000	4,050,000	3,935,254
Bénéfices par action** .....	78¢	75¢	55¢	35¢	28¢	23¢
Dividendes après impôts .....	10¢	10¢	—	—	—	—
par action** .....	10¢	10¢	—	—	—	—
<b>Salles d'exposition</b>						
Ontario .....	69	56	49	36	18	12
National .....	114	82	58	36	18	12

\* L'année 1969 comprend douze mois terminés le 31 août;

les années 1969 jusqu'à 1973 inclusivement comprennent douze mois terminés le 31 décembre;

\*\* Les données concernant les actions sont ajustées selon le fractionnement des actions de deux pour une le 14 août 1972.





Les états financiers pour 1973 ne comprennent pas les affaires aux Etats-Unis. Les frais de lancement de 52 salles d'exposition avec catalogues (y compris les installations complètes) et deux centres de distribution d'ordinateurs), de même que l'effort important pour présenter "Consumers Distributing" au public américain, ont apporté une perte pour la période.

En vertu de notre contrat avec la Compagnie May, cette perte est absorbée par la Compagnie futurs.

En plus des 52 salles d'exposition inaugurées vers la fin de l'automne de 1973, trois autres débouchés ont été ouverts à date en 1974 et d'autres sont à l'étude. Les salles d'exposition sont desservies par des centres de distribution d'une étendue de 247,000 pieds carrés à Secaucus, New Jersey, et de 207,000 pieds carrés à Hayward, Californie.

### Produits pour automobiles

Le guide des acheteurs 1973/1974, notre catalogue, est devenu plus volumineux pour inclure un nouvel assortiment de marchandises pour l'automobile. Le lancement réussi fut précédé par une planification étudiée, y compris la mise au point d'un manuel d'utilisations techniques, des colloques de formation pour le personnel des magasins concernant les produits et des étalages et promotions efficaces en magasin.

En ajoutant cet assortiment, nous n'avons pas l'intention de devenir un magasin fournissant une gamme complète des produits pour automobile, mais nous voulons plutôt servir quelques-uns des besoins de l'automobiliste en général qui s'occupe lui-même de sa voiture. Cette addition a déjà prouvé son attrait pour l'automobiliste et attire de plus en plus de gens comme clients réguliers à nos magasins.

### Nouveaux administrateurs

Lors de l'assemblée annuelle des actionnaires qui eut lieu en juin 1973, nous avons accueilli au Conseil d'administration M. Stanley J. Goodman et M. Ray D. Wolfe. M. Goodman est président du Conseil et administrateur en chef de The May Department Stores Company, alors que M. Wolfe est président du Conseil et administrateur en chef de The Oshawa Group Limited. Ces hommes d'affaires éminents de très grande réputation, contribuent un rôle important aux activités de votre compagnie.

M. Harry L. Wolfson, administrateur de votre compagnie depuis son début en 1968, nous a fait

part que son état de santé ne lui permettait plus de servir au Conseil d'administration après l'assemblée annuelle. Ses conseils judicieux seront grandement manqués et le Conseil a consenti avec regret à ses désirs. C'est l'intention de vos administrateurs de soumettre le nom de M. Larry Spelling, vice-président administratif de la compagnie pour être élu au Conseil à l'assemblée annuelle.

### Succès reconnus

En reconnaissance de leurs succès respectifs dans nos compagnies affiliées au Canada et aux Etats-Unis, M. Larry Spelling fut nommé président de Consumers 'National' durant l'exercice et M. Wilbert B. Dubin fut nommé président de Consumers 'U.S.'

M. Spelling a continué le progrès des opérations de 'National' au Canada et a dirigé le lancement réussi dans l'ouest du Canada. M. Dubin a accompli un excellent travail dans le lancement de nos opérations aux Etats-Unis dans deux régions très éloignées l'une de l'autre.

M. Reginald J. Robertson, un vice-président de votre compagnie, a récemment assumé la responsabilité des opérations des magasins. M. George Graff a été nommé vice-président, fonctions spéciales, et est présentement situé avec Consumers 'U.S.' à Secaucus, N.J. M. Jorgen Petersen, anciennement gérant de la mise en marché à nos bureaux principaux de Toronto a été nommé vice-président, mise en marché pour Consumers 'U.S.'

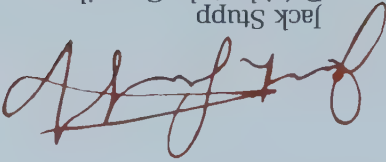
### Autres progrès prévus en 1974

La vente par salles d'exposition avec catalogue a acquis une acceptation de plus en plus grande en Amérique du Nord au cours des récentes années. Durant l'année dernière, lorsque le public a dû envisager une incertitude économique et une inflation grandissante, Consumers Distributing a continué de renforcer son identité auprès des consommateurs par la qualité et par la valeur offertes. Cette grande confiance des clients, de même qu'une bonne administration et un système d'opération perfectionné, permettront à votre compagnie de profiter d'une part de plus en plus grande du marché au détail.

La position très forte sur le marché et des programmes agressifs d'expansion permettent à votre compagnie de prévoir d'autres réussites concernant les ventes et les profits cette année.

### Reconnaissance

Je désire exprimer au nom du Conseil d'administration notre sincère appréciation pour la contribution de tous nos employés et pour l'appui continu de nos clients et fournisseurs.



Toronto  
le 30 avril 1974  
Jack Stupp  
Président du Conseil  
et Président



## A nos actionnaires

Il me fait plaisir de rapporter que votre compagnie a réalisé un excellent progrès en 1973, et durant cet exercice un nouveau centre important de distribution et 32 nouvelles salles d'exposition avec catalogues ont été inaugurés à travers le Canada, y compris nos premiers magasins dans l'ouest du Canada.

Un nouveau jalon a été établi lorsque votre compagnie, en association avec The May Department Stores Company, a pénétré sur le marché des États-Unis dans deux régions géographiques importantes.

En parallèle à cette expansion, votre compagnie a réussi une augmentation des ventes et des bénéfices. Les ventes combinées au Canada augmentent à \$100.1 millions en comparaison de \$73.4 millions l'année précédente.

Les profits augmentent à \$3,456,000 ou à 78 cents par action (basés sur la moyenne pondérée de 4,454,747 actions en circulation) en comparaison de \$3,201,000 ou de 75 cents par action (sur 4,260,088 actions) l'année précédente. On doit noter en comparant les deux années que des taux d'intérêt accrus, des taux d'impôts sur le revenu augmentés et des taux de salaire plus élevés ont eu une influence marquée sur les profits nets de la compagnie pour 1973.

## Ouverture d'un centre de distribution au Canada

Un nouveau grand centre de distribution pour desservir nos magasins canadiens fut inauguré tel que prévu à la fin de l'été. Situé à Milton, au nord-ouest du Grand Toronto, cet aménagement de 625,000 pieds carrés a remplacé l'ancien centre à Rexdale, Ontario, qui était devenu trop petit en moins de trois ans, ce qui a éliminé le besoin

d'entrepôts satellites dans plusieurs emplacements à Toronto. Ce nouvel établissement très impressionnant de même que des achats d'avance, ont aidé à pallier la pénurie de marchandises qui affectait plusieurs secteurs de l'industrie au détail durant la dernière saison de Noël.

## Premières salles d'exposition dans l'ouest du Canada

L'inauguration des premières salles d'exposition de Consumers Distributing dans l'ouest du Canada fut marquée par une cérémonie officielle à Winnipeg au début d'octobre, sous la présidence de son Honneur le Maire Stephen Juba. A la suite de cette ouverture de six salles d'exposition à Winnipeg et à Brandon, au Manitoba à l'autome, huit autres établissements ont été ouverts dans l'ouest à date en 1974, y compris des magasins à Edmonton, Calgary et Lethbridge, Alberta. Au cours des prochains mois, d'autres salles d'exposition seront inaugurées à Regina et à Saskatoon, Saskatchewan.

Notre position dominante sur le marché au cours de l'exercice, dans l'est et le centre du Canada, fut renforcée par l'ouverture de 26 nouvelles salles d'exposition et l'augmentation continue du volume des ventes aux magasins déjà établis. Depuis la fin de l'année, quatre autres établissements ont été ajoutés dans ces régions et nous ouvrirons prochainement notre première salle d'exposition à St-Jean, Terre-Neuve.

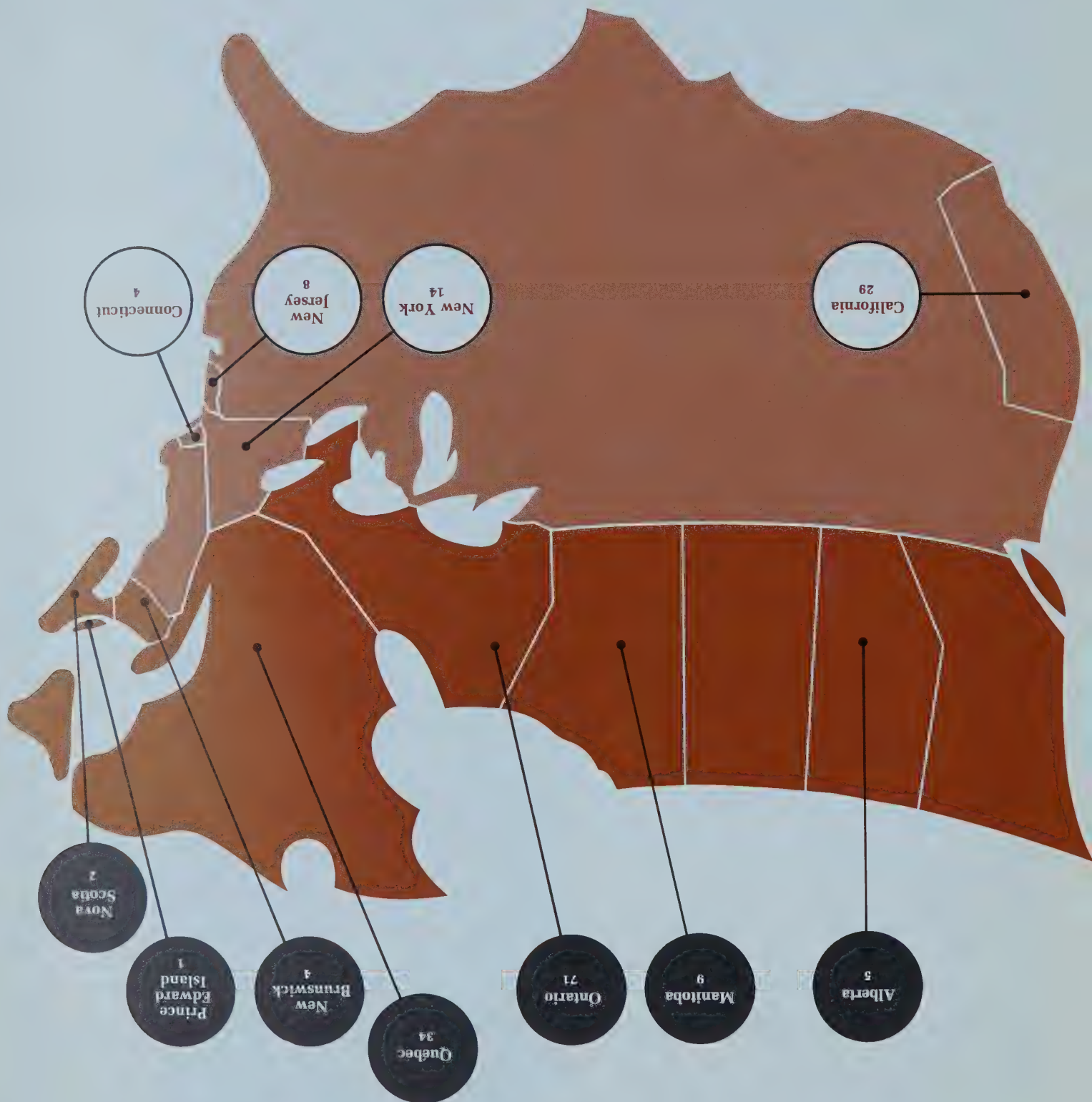
Ces récentes ouvertures à travers le Canada, en date du 30 avril 1974, portent le total de nos salles d'exposition à 126, soit une augmentation du total de 114 au 31 décembre 1973. Les magasins dans la Province d'Ontario sont à propriété exclusive alors que 54 magasins en dehors de l'Ontario sont administrés par notre filiale, Consumers Distributing Company (National) Limited dont nous avons un intérêt de 50 pour cent en association avec The Oshawa Group Limited de Toronto. L'administration des opérations de 'National' est fournie par votre compagnie et le financement est fourni par Oshawa.

## Début de Consumers Distributing aux États-Unis

Consumers Distributing a fait une pénétration massive aux États-Unis en septembre 1973, avec un lancement simultané sur deux marchés importants, le Grand New York et le Grand San Francisco, avec 52 salles d'exposition. Au cours des quatre premiers mois d'opération, des ventes de \$17.2 millions furent réalisées. L'acceptation par les consommateurs des États-Unis grandit à un rythme appréciable.

Consumers Distributing Company (U.S.) qui s'occupe de nos opérations aux États-Unis, est administrée par une association formée de votre compagnie et The May Department Stores Company de St. Louis. La propriété de Consumers 'U.S.' est partagée également par les deux compagnies, alors que la Compagnie May fournit le financement, votre compagnie fournit la gestion et les directives concernant la mise en marche.





# 181 Centres d'économie de Consumers Distributing au Canada et aux États-Unis

126 salles d'exposition avec catalogues dans sept  
provinces canadiennes

New Brunswick (4)  
Fredericton  
Moncton (2)  
Saint John  
Nova Scotia (2)  
Dartmouth  
Halifax  
Prince Edward Island (1)  
Charlottetown  
Quebec (34) •  
Montréal (21) •  
Châteauguay  
Chicoutimi  
Drummondville  
Granby  
Hull  
Lévis  
Québec (2)  
St-Hyacinthe  
St-Jean  
Sherbrooke  
Trois-Rivières  
Valleyfield  
Manitoba (9)  
Winnipeg (8) ...  
Brandon  
Alberta (5)  
Calgary (3) ...  
Edmonton •  
Lethbridge •  
Ontario (71)  
Toronto (18) ...  
Barrie  
Belleville  
Brampton  
Brantford  
Brockville  
Burlington  
Cambridge  
Chatham  
Cornwall  
Guelph  
Hamilton (4)  
Kingston (2)  
Kitchener  
London (4)  
Mississauga (2)  
Niagara Falls  
North Bay  
Oakville  
Orangeville  
Oshawa  
Ottawa (5)  
Owen Sound  
Peterborough  
Pickering  
Richmond Hill  
St. Catharines (2)

55 salles d'exposition avec  
catalogues dans quatre  
états des États-Unis

Connecticut (4)  
Hamden  
Norwalk •  
Stamford  
Waterbury  
New Jersey (8)  
Bricktown  
Florham Park  
Hazlet  
Ramsey  
South Orange  
Totowa  
Wayne  
W. Long Branch (Eatontown)  
New York (14)  
Brooklyn  
Queens (2)  
Long Island (10)  
Westchester •  
California (29)  
Antioch  
Campbell  
Capitola  
Colma  
Fairfield  
Fremont  
Hayward  
Mountain View  
Oakland (2)  
Pleasant Hill  
Redwood City  
Sacramento (2)  
Salinas  
San Bruno •  
San Francisco (4)  
San Jose (3)  
San Mateo  
San Pablo  
Sunnyvale  
Terra Linda  
Vallejo  
Walnut Creek

• Magasins inaugurés en 1974



## Aperçu des résultats financiers

	1973	1972
<b>Ventes</b>		
Ontario .....	\$62,516,000	\$55,785,000
National .....	37,551,000	17,704,000
	<u>100,067,000</u>	<u>73,489,000</u>
<b>Profit net .....</b>	<b>\$3,456,000</b>	<b>\$3,201,000</b>
Bénéfices par action .....	78c	75c
Dividendes après impôts, par action .....	10c	10c
Actions en circulation — moyenne .....	4,454,747	4,260,088
Fonds de roulement .....	\$9,454,000	\$8,445,000
Salles d'exposition		
Ontario .....	69	56
National .....	<u>45</u>	<u>26</u>
	114	82

**Dirigeants de la Compagnie**

**Administrateurs**

JACK STUPP, président du Conseil et président de la Compagnie, Toronto  
L.S.D. FOGLEER, C.R., avocat, Toronto  
STANLEY J. GOODMAN, président du Conseil et administrateur en chef, The May Department Stores Company, St. Louis  
A.J. LATNER, président, Greenwin Construction Company, Toronto  
LILLIAN STUPP, Toronto  
RAY D. WOLFE, président du Conseil et administrateur en chef, The Oshawa Group Limited, Toronto  
H.T. WOLFSON, économiste-conseil, Toronto

**Directeurs**

JACK STUPP, président du Conseil et président  
LARRY SPERLING, vice-président administratif  
ALBERT BINSTOCK, vice-président, mise en marché  
GEORGE GRAFF, vice-président, fonctions spéciales  
PETER M.C. ONIONS, vice-président et trésorier  
REGINALD J. ROBERTSON, vice-président, opérations des magasins  
A. ROY VOELKER, vice-président, personnel corporatif  
JOHN E. TURNER, contrôleur  
L.S.D. FOGLEER, C.R., secrétaire

**Agent des transferts et d'immatulation**

Guaranty Trust Company of Canada, Toronto

**Vérificateurs**

Laventhol Krekstein Horwath & Horwath, Toronto

**Banque**

Banque Canadienne Impériale de Commerce

**Bourse**

Bourse de Toronto

**Siège social**

62 Belfield Road, Rexdale (Toronto) Ontario M9W 1G2

**Centre de distribution**

6700 Northwest Drive, Mississauga, Ontario

**Compagnies associées**

Consumers Distributing Company (National) Limited  
62 Belfield Road, Rexdale, Ontario M9W 1G2  
Larry Sperling, président  
Consumers Distributing Company (U.S.)  
50 Hartz Way, Secaucus, New Jersey 07094  
Wilbert B. Dubin, président et administrateur en chef  
Centres de distribution aux États-Unis:  
50 Hartz Way, Secaucus, New Jersey  
1961 Stearnman Avenue, Hayward, Californie

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# RAPPORT ANNUEL 1973



## 92 Showrooms in 66 Canadian Communities:

### ONTARIO (58)

#### BARRIE

353 Bayfield Avenue

#### BELLEVILLE

211 North Front Street

#### BRAMPTON

239 Queen Street East

#### BRANTFORD

331 King George Rd. N.

#### BROCKVILLE

71 Parkdale Avenue

#### BURLINGTON

2340 Fairview Avenue

#### CAMBRIDGE

551 Hespeler Road

#### CHATHAM

351 Richmond Street

#### CORNWALL

1340 Second Street East

#### GUELPH

220 Victoria Road South

#### HAMILTON

- 875 Barton Street East
- 25 Cannon Street East
- 319 Nash Road North
- 1050 Upper James Street

#### KINGSTON

277 Bath Road  
71 Princess Street

#### KITCHENER

1253 King Street East

#### LONDON

476 Clarke Road  
390 Springbank Drive  
352 Talbot Street

#### MISSISSAUGA

93 Dundas Street East

#### NIAGARA FALLS

6847 Morrison Street

#### NORTH BAY

Nipissing Plaza

#### OAKVILLE

1054 South Service Road

#### OSHAWA

285k Taunton Road East

#### OTTAWA

1616 Merivale Road  
234 Preston Street  
867 St. Laurent Boulevard  
1440 Walkley Road

#### OWEN SOUND

Highways 21 and 6

#### PETERBOROUGH

Market Place  
Shopping Centre

#### RICHMOND HILL

9741 Yonge Street

#### SARNIA

1249 London Road East

#### SAULT STE. MARIE

293 Northern Avenue

#### ST. CATHARINES

224 Glendale Avenue  
43 James Street

#### ST. THOMAS

- 730 Talbot Street

#### STRATFORD

447 Huron Street

#### SUDBURY

918 Barrydowne Road

#### THUNDER BAY

Intercity Plaza

#### TORONTO

818 Dufferin Street  
370 Pape Avenue  
585 St. Clair Avenue West

#### EAST YORK

660 Eglinton Avenue East

#### ETOBICOKE

62 Belfield Road  
5230 Dundas Street West

#### NORTH YORK

877 Wilson Avenue  
5825 Yonge Street

### TORONTO

#### SCARBOROUGH

301 Danforth Road  
4465 Kingston Road  
1536 Midland Avenue

#### YORK

1200 Castlefield Avenue

#### WATERLOO

25 King Street South

#### WELLAND

Lincoln Plaza

#### WHITBY

1810 Dundas Street East

#### WINDSOR

2400 Dougall Avenue  
7540 Tecumseh Road East

#### WOODSTOCK

972 Dundas Street

### QUÉBEC (27)

#### CHATEAUGUAY

15, boul. St. Jean Baptiste

#### DRUMMONDVILLE

1320, rue Hébert nord

#### GRANBY

848, rue Principale

#### LEVIS

- 82, route Kennedy

#### MONTRÉAL

- 1437, rue Bleury
- 6700, ch. Côte des Neiges
- 2565, rue Masson
- 1646, rue St. Catherine
- 6580, rue St. Hubert
- 7275, rue Sherbrooke est

#### DORVAL

305, avenue Dorval  
2315, boulevard Hymus

#### LACHINE

2700, Victoria

#### LAFLÈCHE

3535, boul. Taschereau

#### LaSALLE

8371, boulevard Newman

#### LAVAL

- 1730, boul. des Laurentides
- 3370, boulevard St. Martin

- Opened in 1973

### MONTRÉAL

#### LONGUEUIL

2930, chemin Chambly

#### POINTE-AUX-TREMBLES

1480, boul. St. Jean  
Baptiste

#### ST. LAURENT

1120, boul. Laurentien

#### ST-LÉONARD

4655, Jean Talon est  
9235, boul. Lacordaire

#### CITE DE QUÉBEC

1870, rue d'Estimauville

#### SHERBROOKE

100, rue Grandes  
Fourches sud

#### TROIS-RIVIERES

4190, chemin des Forges

#### VALLEYFIELD

606, boul. Monseigneur  
Langlois

#### VILLE DE VANIER

345, rue Soumande

### NEW BRUNSWICK (4)

#### FREDERICTON

- 551 East Prospect Street

#### MONCTON

- 1134 Mountain Road
- 120 Westmoreland Street

#### SAINT JOHN

- 30 Germain Street

### PRINCE EDWARD ISLAND (1)

#### CHARLOTTETOWN

- 403 University Avenue

### NOVA SCOTIA (2)

#### DARTMOUTH

- 120 Woodlawn Road

#### HALIFAX

7071 Bayers Road

AR45

# Consumers Distributing

interim report to shareholders  
six months ended June 30, 1973





## To our Shareholders

Sales, net profit and earnings per share established further records in the first six months of 1973. Combined sales to June 30 of our own operations and Consumers Distributing 'National' rose 32 percent to \$31,645,000 from \$23,971,000 a year ago. This includes Consumers 'National' sales of \$10,551,000 this year and \$4,508,000 in the previous year.

Profits for the latest period rose 33 percent to \$696,000 from \$522,000. Included is your company's fifty percent share in the profits of Consumers 'National' amounting to \$69,000 in the period under review, compared with \$35,000 a year ago.

Earnings per share amounted to 15.6 cents for the first half, an increase from the 12.8 cents reported a year ago. Share earnings are based on the weighted average number of shares outstanding of 4,453,765 this year and 4,095,400 a year ago.

In the period under review, Consumers 'National' opened six catalogue showrooms, an additional two in the month of July and expects to open fourteen more showrooms before the year-end. In Ontario, one outlet was opened in the first half and another subsequently, with a further twelve scheduled for the balance of the year. There are now a total of 92 Consumers Distributing showrooms located throughout Eastern Canada.

I am also pleased to report that preparations are proceeding on target for the opening this fall of fifty catalogue showrooms in the United States in joint venture with The May Department Stores Company.

Toronto  
August 7, 1973

Jack Stupp  
President

## Consolidated Statement of Income

Six Months Ended June 30

(Unaudited)	1973	1972 (Note 3)
Sales .....	\$21,094,289	\$19,462,821
Share of net earnings of Consumers Distributing Company (National) Limited (Note 1) ..	68,927	34,993
	<u>21,163,216</u>	<u>19,497,814</u>
Costs and expenses .....	19,815,485	18,523,999
Income before income taxes .....	1,347,731	973,815
Income taxes .....	652,190	451,761
Net income .....	<u>\$ 695,541</u>	<u>\$ 522,054</u>
Earnings per share (note 2) .....	<u>15.6¢</u>	<u>12.8¢</u>

NOTE 1: The company has adopted the equity method of accounting for its investment in 50 percent of the common shares of Consumers Distributing Company (National) Limited. The company's share of net earnings is reflected in the consolidated statement of income.

NOTE 2: Earnings per share are calculated using the weighted daily average of shares outstanding during the respective periods.

NOTE 3: Earnings for 1972 have been restated based on the actual gross profit margin obtained during the year ended December 31, 1972.

## Consolidated Statement of Source and Application of Funds

Six Months Ended June 30

(Unaudited)	1973	1972
<b>Source of funds</b>		
From operations		
Net income .....	\$ 695,541	\$ 522,054
Add (deduct) charges (credits) to income not requiring a current outlay of funds		
Depreciation and amortization of equipment and leasehold improvements	181,904	138,770
Amortization of deferred charges .....	131,391	119,319
Amortization of financing expenses .....	6,000	6,000
Deferred income taxes .....	103,700	76,399
Share of net earnings of Consumers Distributing Company (National) Limited .....	(68,927)	(34,993)
	<u>1,049,609</u>	<u>827,549</u>
Issue of shares .....	14,181	4,387
	<u>1,063,790</u>	<u>831,936</u>
<b>Application of funds</b>		
Deferred charges .....	69,983	102,856
Tax paid to create tax-paid undistributed surplus on hand .....	40,088	37,215
Dividends .....	222,715	206,914
Equipment and leasehold improvements .....	399,543	295,906
	<u>732,329</u>	<u>642,891</u>
Increase in working capital .....	331,461	189,045
Working capital at beginning of period .....	8,579,710	6,939,073
Working capital at end of period	<u>\$ 8,911,171</u>	<u>\$ 7,128,118</u>

file

# Consumers Distributing Company Limited

## NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual and a General Meeting of the Shareholders of CONSUMERS DISTRIBUTING COMPANY LIMITED (the "Corporation") will be held in the Alberta Room, Royal York Hotel, Front Street West, Toronto, Ontario, on Monday, the 4th day of June, 1973, at the hour of 2 o'clock in the afternoon (Toronto time) for the following purposes:

- (1) TO RECEIVE the comparative consolidated financial statements of the Corporation for the year ended December 31, 1972, and the report of the auditors thereon;
- (2) TO APPOINT auditors and to authorize the directors to fix their remuneration;
- (3) TO CONSIDER, and if deemed advisable, to CONFIRM, with or without variation, By-law No. 10 of the Corporation, increasing the authorized number of directors of the Corporation. Particulars of By-law No. 10 are set forth in the Proxy Statement and Information Circular accompanying this Notice;
- (4) TO CONSIDER, and if deemed advisable, to CONFIRM, with or without variation, By-law No. 11 of the Corporation, authorizing the election from and by the directors of the Corporation of an Executive Committee of the Board of Directors. Particulars of By-law No. 11 are set forth in the Proxy Statement and Information Circular accompanying this Notice;
- (5) TO ELECT directors; and
- (6) TO TRANSACT such other business as may properly come before the meeting.

A form of proxy solicited by the management of the Corporation in respect of the Annual and General Meeting of Shareholders is enclosed herewith, together with a copy of the Annual Report of the Corporation for the year ended December 31, 1972.

DATED this 11th day of May, 1973.

BY ORDER OF THE BOARD,

LLOYD S. D. FOGLER,  
Secretary.



# Consumers Distributing Company Limited

## PROXY STATEMENT AND INFORMATION CIRCULAR ANNUAL AND GENERAL MEETING OF SHAREHOLDERS, JUNE 4, 1973

This Proxy Statement and Information Circular (hereinafter referred to as the "Information Circular") is furnished in connection with the solicitation by the management of Consumers Distributing Company Limited (the "Corporation") of proxies for use at the Annual and General Meeting of Shareholders to be held at the time and place and for the purposes set forth in the accompanying Notice. Such meeting is hereinafter referred to as the "Meeting". The mailing address of the principal executive offices of the Corporation is 62 Belfield Road, Rexdale, Ontario, Canada. This Information Circular and the form of proxy which accompanies it has been mailed to all common Shareholders of record of the Corporation at the close of business on May 9, 1973, and the mailing thereof was made on or about May 11, 1973.

### SOLICITATION OF PROXIES

The cost of soliciting proxies for management will be borne by the Corporation. The Corporation will reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding this proxy material to beneficial owners of shares. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone, telegraph or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

### MANNER PROXIES WILL BE VOTED

The shares represented by the accompanying form of proxy (if the same is properly executed in favour of Messrs. Stupp, Wolfson or Fogler, the management nominees, and is received at the offices of Guaranty Trust Company of Canada, 88 University Avenue, Toronto 1, Ontario, Canada, not later than 4:30 p.m. (Toronto time) on Thursday, May 31, 1973, or, if the Meeting is adjourned, no later than 48 hours, excluding Saturdays and holidays, preceding the time of such adjourned Meeting) will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specification made. **In the absence of such a specification, such shares will be voted in favour of such matter.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.

### ALTERNATE PROXY

**Each Shareholder has the right to appoint a person, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting other than the persons named in the accompanying form of proxy.** Any Shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such Shareholder wishes to appoint as proxy, or by duly completing another proper form of proxy.

### REVOCABILITY OF PROXY

A Shareholder giving a proxy has the power to revoke it. Such revocation may be made by the Shareholder attending at the Meeting, by the Shareholder duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or may be made by written instrument revoking such proxy executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation, 62 Belfield Road, Rexdale, Ontario, at any time up to and including the last business day preceding the date of

the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chairman of the Meeting on the date of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

At the date hereof the Corporation has outstanding 4,453,056 common shares without par value. Each common shareholder of record at the close of business on June 1, 1973 will be entitled to one (1) vote for each common share held. Only Shareholders of record at the close of business on May 9, 1973, will be mailed notice of the Meeting. Four (4) persons present in person and each entitled to vote thereat constitute a quorum at any meeting of Shareholders.

To the knowledge of the directors and senior officers of the Corporation, the following are the only persons who own of record or beneficially, directly or indirectly, equity shares carrying more than ten percent (10%) of the voting rights attached to all equity shares of the Corporation now outstanding. The only class of equity shares of the Corporation are its common shares, and the following table is with respect to such persons and shares:

<u>Name &amp; Address</u>	<u>Type of Ownership</u>	<u>No. owned</u>	<u>Percent of Class</u>
Jack Stupp	Record and beneficial	893,000	20.05 %
	Beneficial(1)	274,400	6 %
	Record(2)	785,600	17.64 %

(1) The shares are owned of record by The Jack Stupp Trust, a trust of which Jack Stupp is the principal beneficiary and of which Lillian Stupp, Lloyd Fogler and Harry L. Wolfson are the Trustees.

(2) The shares are owned of record by The Lillian Stupp Trust, The Rochelle Stupp Trust, The Randall Stupp Trust, and The Cyd Stupp Trust, trusts whose principal beneficiaries are Lillian Stupp, Rochelle Stupp, Randall Stupp and Cyd Stupp, respectively. Rochelle, Randall and Cyd Stupp are children of Jack and Lillian Stupp. Jack Stupp, Lloyd Fogler and Harry L. Wolfson are the Trustees of each of the foregoing Trusts. Pursuant to an agreement dated November 25, 1968, Jack Stupp has the right to vote all of these shares at the Meeting (see "Voting Arrangement" on page 5 hereof).

By agreement dated November 27, 1970 between The Oshawa Group Limited ("Oshawa"), Jack Stupp, The Jack Stupp Trust, The Lillian Stupp Trust, The Rochelle Stupp Trust, The Randall Stupp Trust and The Cyd Stupp Trust (collectively, the "Stupp Interests"), Oshawa was granted a first right of refusal to purchase the common shares of the Corporation owned by the Stupp Interests in certain events. Such agreement provides that if at any time during which the Corporation and Oshawa are shareholders of Consumers Distributing Company (National) Limited any of the Stupp Interests receives a bona fide offer to purchase any common shares of the Corporation owned by the Stupp Interests which, if accepted, would have the effect of reducing the aggregate number of common shares of the Corporation owned by the Stupp Interests to less than thirty percent (30%) of the issued and outstanding common shares of the Corporation, or if such offer is received at a time when the Stupp Interests own in the aggregate thirty percent (30%) or less of the issued and outstanding common shares of the Corporation, then if the party receiving such offer wishes to sell such common shares, such party must first offer the common shares as are the subject of such offer for sale to Oshawa upon the identical terms and conditions set forth in such offer.

By agreement dated as of August 1, 1972 between May Catalog Showrooms, Inc. and the Stupp Interests, May Catalog Showrooms, Inc. was granted a second right of refusal to purchase common shares of the Corporation owned by the Stupp Interests, in the event that Oshawa should decline any offer made to it pursuant to the agreement referred to in the immediately preceding paragraph.

In the event that the common shares owned by the Stupp Interests are sold pursuant to either of the foregoing agreements, a change in control of the Corporation may occur.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### (a) Appointment of Auditors

The auditors of the Corporation are Messrs. Laventhol Krekstein Horwath & Horwath, who have been the auditors of the Corporation for more than the past five (5) years. Unless otherwise directed, the persons named



in the accompanying form of proxy will vote the shares represented thereby in favour of appointing Messrs. Laventhol Krekstein Horwath & Horwath as the auditors of the Corporation and authorizing the directors of the Corporation to fix their remuneration. Messrs. Laventhol Krekstein Horwath & Horwath have no direct or indirect financial interest in the Corporation.

**(b) Confirmation of By-law No. 10**

By-law No. 10 was passed by the Board of Directors on August 11, 1972, and is not to be effective until it is confirmed, with or without variation, by at least two-thirds of the votes cast at a General Meeting of the Shareholders of the Corporation duly called for that purpose. Such By-law increases the authorized number of directors of the Corporation from five (5) persons to seven (7) persons, and changes the quorum at any meeting of the Board of Directors from two (2) directors to four (4) directors.

**(c) Confirmation of By-law No. 11**

By-law No. 11 of the Corporation was passed by the Board of Directors on August 11, 1972, and is not to become effective until it is confirmed, with or without variation, by at least two-thirds of the votes cast at a General Meeting of the Shareholders of the Corporation duly called for that purpose. Such By-law authorizes the Board of Directors of the Corporation, whenever it consists of more than six persons, to elect from amongst its number an Executive Committee consisting of such number of members of the Board (not to be less than three) as the Board may by resolution determine. Each member of the Executive Committee is to serve during the pleasure of the Board, and, in any event, only so long as he is a director. Subject to any regulations which the Board may from time to time impose, during the intervals between the meetings of the Board the Executive Committee is to possess all of the powers of the Board in the management and direction of the affairs and business of the Corporation other than with respect to those matters in connection with which specific directions may have been given by the Board. Subject to any regulations which may be imposed from time to time by the Board, the Executive Committee has the power to fix its own quorum (at not less than a majority of its members) and to fix its own rules of procedure. The Executive Committee is required by By-law No. 11 to keep minutes of its meetings, and such minutes are required to be submitted to the Board as soon as is practicable.

**(d) Election of Directors**

If By-law No. 10 of the Corporation is duly confirmed, a Board of seven (7) directors is to be elected at the Meeting to serve until the next General Meeting called for the purpose of electing directors or until their respective successors are duly appointed. Unless their authority to vote for the election of directors has been withheld, the persons named in the accompanying form of proxy will vote the shares represented thereby in favour of electing as directors the nominees named below. With the exception of Messrs. Goodman and Wolfe, all of the nominees named below are presently directors of the Corporation. In case By-law No. 10 is not duly confirmed so that five (5) directors must be elected, the persons named in the accompanying form of proxy, unless such authority has been withheld, will vote the shares represented thereby in favour of electing as directors all of such nominees except Messrs. Goodman and Wolfe. In case any of the following nominees should become unavailable for election for any reason, the persons named in the accompanying form of proxy, unless such authority has been withheld, will vote the shares represented thereby in favour of the remaining nominees and such other substitute nominees as the Board of Directors of the Corporation may designate in such event. The following information is submitted with respect to the nominees for directors:

<u>Name and Principal Occupation at Present and for Five Preceding Years</u>	<u>Positions and Offices with the Corporation</u>	<u>Director Since</u>	<u>Approximate number of Common Shares Beneficially Owned, Directly or Indirectly, as at April 11, 1973</u>
Jack Stupp, Chief Executive Officer of the Corporation for more than the past five years.	Director, Chairman of the Board and President of the Corporation	Dec. 6, 1956	1,953,000(1)(2) (3)(7)
Lloyd S. D. Fogler, Q.C., Barrister and Solicitor and partner, Siegal, Fogler, Barristers and Solicitors, for more than the past five years.	Director and Secretary-Treasurer.	Oct. 31, 1968	22,490(4)

<u>Name and Principal Occupation at Present and for Five Preceding Years</u>	<u>Positions and Offices with the Corporation</u>	<u>Director Since</u>	<u>Approximate number of Common Shares Beneficially Owned, Directly or Indirectly, as at April 11, 1973</u>
Harry L. Wolfson, Economic Consultant for more than the past five years.	Director of the Corporation	Nov. 15, 1968	None (5)
Albert J. Latner, President, Greenwin Construction Company Limited, builder, for more than the past five years.	Director of the Corporation.	Nov. 15, 1968	None (6)
Lillian Stupp, Housewife.	Director of the Corporation.	Feb. 12, 1970	226,404(2)(7)
Stanley J. Goodman, Chairman of the Board and Chief Executive Officer of The May Department Stores Company, department store retailers, since February 3, 1972; prior thereto President of The May Department Stores Company since 1967.	None		None
Ray D. Wolfe, President and Chief Executive Officer of The Oshawa Group Limited, merchandise distributor and retailer, for more than the past five years.	None		1,000

- (1) Includes all common shares owned directly and all common shares owned by The Jack Stupp Trust, a trust of which Jack Stupp is the principal beneficiary.
- (2) Includes the 226,400 common shares owned by The Lillian Stupp Trust, a trust of which Lillian Stupp is the principal beneficiary.
- (3) Rochelle, Randall and Cyd Stupp, the children of Jack Stupp and Lillian Stupp, are the beneficial owners, in the aggregate, of 559,200 common shares which are held of record by three Trusts of whom Jack Stupp, Lloyd Fogler and Harry L. Wolfson are the Trustees. Such common shares are included in the 1,953,000 common shares shown as being beneficially owned by Jack Stupp.
- (4) Does not include 7,800 common shares owned of record by two Trusts of which Mr. Fogler or his wife is a Trustee, the beneficiaries of which are members of Mr. Fogler's family.
- (5) Does not include 27,850 shares owned by companies in which the children of Harry L. Wolfson have in part a beneficial interest.
- (6) Does not include 4,504 common shares beneficially owned, in the aggregate, by the wife and children of Albert J. Latner.
- (7) Jack Stupp and Lillian Stupp are husband and wife.

### VOTING ARRANGEMENT

By agreement dated November 25, 1968 between Jack Stupp and Lillian Stupp, Lloyd Fogler and David Dawson as Trustees of The Jack Stupp Trust, and Jack Stupp, Lloyd Fogler and David Dawson as Trustees of each of The Lillian Stupp Trust, The Rochelle Stupp Trust, The Randall Stupp Trust and The Cyd Stupp Trust, all of the said Trusts appointed and agreed to appoint Jack Stupp as their proxy to vote all common shares of the Corporation owned by them as he might, in his discretion, determine. The foregoing appointment of and agreement to appoint Jack Stupp as proxy is irrevocable for a period of twenty-one (21) years unless sooner terminated by (i) its termination at the request of Jack Stupp; (ii) the death of Jack Stupp; or (iii) the ceasing of Jack Stupp to be either the Managing Director, the President or the Chairman of the Board of the Corporation. David Dawson has been replaced by Harry L. Wolfson as a Trustee of each of the said Trusts. Pursuant to such agreement Jack Stupp has the right to vote at the Meeting the 785,600 common shares owned in the aggregate by the said Trusts.

### REMUNERATION OF MANAGEMENT AND OTHERS

During the fiscal year ended December 31, 1972, the following directors and officers of the Corporation received aggregate direct remuneration from the Corporation and/or its subsidiaries in excess of \$30,000 for services in all capacities:



<u>Name of Individual</u>	<u>Capacity in which Remuneration was Received</u>	<u>Aggregate Direct Remuneration</u>
Jack Stupp.....	President and Director of the Corporation	\$133,000
George Graff.....	Vice-President—Operations, of the Corporation	\$ 33,000

The following table sets out the aggregate direct remuneration paid or payable by the Corporation and those of its subsidiaries whose financial statements are consolidated with those of the Corporation during the fiscal year ended December 31, 1972, to directors and officers of the Corporation as a group for services in all capacities (See notes (1), (2) and (3) below):

<u>No. of Persons in Group</u>	<u>Capacity in which Remuneration was Received</u>	<u>Aggregate Direct Remuneration</u>
11.....	Officers and Directors of the Corporation	\$298,221

- (1) Consumers Distributing Company (National) Limited, a subsidiary whose accounts are not consolidated with those of the Corporation, paid aggregate direct remuneration of \$13,562 to one officer of the Corporation in the fiscal year ended December 31, 1972. Such remuneration is not included in the above table.
- (2) In the fiscal year ended December 31, 1972, four of the five highest paid employees of the Corporation were officers of the Corporation. The fifth employee, who was not an officer of the Corporation, is deemed to be a "senior officer" of the Corporation by virtue of the definition contained in The Business Corporations Act (Ontario). Were the above table in respect of directors and senior officers of the Corporation, the number of persons in the group would be twelve; the capacities in which remuneration was received would include "employee of the Corporation"; and the aggregate direct remuneration paid would be \$323,221.
- (3) During the period January 1, 1972 through February 28, 1973, Peerless Management Limited, an Ontario corporation in which Harry L. Wolfson (a director of the Corporation) and members of his family have a substantial beneficial interest, received fees aggregating \$21,666 on account of consulting services rendered to the Corporation, of which the amount of \$19,166 was paid during the period January 1, 1972 through December 31, 1972. Peerless Management Limited provides consulting services to the Corporation, and in respect thereof currently receives the sum of \$1,250 per month.

### Stock Options

No options to purchase securities of the Corporation are held by or were granted to Jack Stupp as at and since January 1, 1972 and up to the date hereof, and no options to purchase securities of the Corporation were granted to George Graff during such period. The following table summarizes all unexercised options to purchase securities of the Corporation held by George Graff as at April 11, 1973, regardless of when such options were granted. Such options are in respect of common shares, and have been adjusted in accordance with the terms thereof for subsequent stock splits. No options were exercised by George Graff during the period January 1, 1972 to April 11, 1973.

<u>Name</u>	<u>No. of Shares Subject to Option at April 11, 1973</u>	<u>Average Option Price Per Share</u>
George Graff	8,000	\$8.45

The following table summarizes all options to purchase securities of the Corporation granted to the officers and directors of the Corporation as a group since January 1, 1972 and up to April 11, 1973. All of such options are in respect of common shares, and where applicable such options have been adjusted in accordance with the terms thereof for the two for one stock split of the Corporation's common shares which took place in August, 1972. No options were exercised by such persons during the period January 1, 1972 to April 11, 1973. All options are exercisable at a per share price which is approximately (but in any event no more than) ten percent (10%) less than the market price of the Corporation's common shares (as traded through the facilities of The Toronto Stock Exchange) at the time of the grant.

<u>No. of Shares Optioned</u>	<u>Date of Grant</u>	<u>Option Price Per Share</u>	<u>Expiry Date</u>
3,000	August 9, 1972	\$27.50	August 9, 1982
8,000	September 22, 1972	\$28.50	September 22, 1982



On January 7, 1972 one employee of the Corporation who is neither an officer nor director, but who is a "senior officer" of the Corporation as defined in The Business Corporations Act (Ontario), was granted an option to purchase 2,500 common shares of the Corporation at a price of \$21.50 per common share. Such option expires on January 7, 1982 and at April 11, 1973 had not been exercised.

On April 11, 1973, the officers and directors of the Corporation as a group held unexercised options covering, in the aggregate, 48,000 common shares of the Corporation, which were exercisable at an average option price of \$13.189 per share.

All of the stock options referred to above may be exercised, subject to continued employment and under other conditions, in cumulative annual instalments for a period of ten (10) years from the date of the grant, and commencing one (1) year after the date of grant.

The following table summarizes the closing price of the Corporation's common shares, as traded through the facilities of The Toronto Stock Exchange, on the dates shown, and the price range of the Corporation's common shares for the thirty (30) days preceding such date. Where applicable, such prices have been adjusted for the two for one stock split of the Corporation's common shares which took place in August, 1972.

<u>Date</u>	<u>Closing Price</u>	<u>High</u> <u>(For 30 preceding days)</u>	<u>Low</u>
January 7, 1972	\$24.125	\$24.00	\$21.875
August 9, 1972	\$30.50	\$31.50	\$27.125
September 22, 1972	\$31.625	\$38.75	\$31.25

#### **Indebtedness**

During the period January 1, 1972 through February 28, 1973, Cyd Stupp, daughter of Jack Stupp and Lillian Stupp, was indebted to the Corporation in various amounts on account of moneys advanced on her behalf, the maximum aggregate amount of which indebtedness was \$22,693 and which indebtedness was repaid prior to March 30, 1973 without interest.

#### **INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS**

(1) During the period from January 1, 1972 through February 28, 1973 the firm of Siegal, Fogler, Barristers and Solicitors, of which Lloyd Fogler, a director and the Secretary-Treasurer of the Corporation is a partner, received \$195,923 from the Corporation and its subsidiaries in legal fees.

(2) Ray D. Wolfe, a nominee for election as a director of the Corporation, is the President and Chief Executive Officer of The Oshawa Group Limited ("Oshawa"). He is the direct and indirect beneficial owner of 34,270 of the 171,376 outstanding common shares of Oshawa, which is the only class of voting shares of Oshawa which is outstanding. By agreement, Mr. Wolfe has the right to vote all of the outstanding common shares of Oshawa. In addition, Mr. Wolfe and his wife and children are the direct and indirect beneficial owners, in the aggregate, of approximately 90,921 of the outstanding 7,024,990 Class A non-voting fully participating shares of Oshawa. Pursuant to an agreement between the Corporation and Oshawa entered into in November, 1970, Oshawa and the Corporation incorporated Consumers Distributing Company (National) Limited ("National"), one-half of the shares of which are owned by each of Oshawa and the Corporation. The Corporation has agreed not to compete with National in the Corporation's business throughout Canada (other than Ontario) and to supply National with its day to day management. Oshawa has agreed that so long as it owns shares of National it will not compete with the Corporation in its business throughout Canada and has agreed to lend or cause other lenders to lend to National up to \$5,000,000 by December 31, 1972 (to be used by National for opening new showrooms in Quebec) and an additional \$7,500,000 over a stated period (to be used by National for opening further new showrooms in the remaining provinces of Canada). Pursuant to such agreement National has borrowed \$5,800,000 (as at March 31, 1973) from a Canadian chartered bank, and such borrowings are secured, inter alia, by Oshawa's guarantee. At the date hereof National and its wholly-owned subsidiary have opened 29 new showrooms, 25 of which are in Quebec, 2 in New Brunswick and 2 in Nova Scotia.

(3) Stanley J. Goodman, a nominee for election as a director of the Corporation, is the Chairman of the Board and Chief Executive Officer of The May Department Stores Company ("May"). He is the beneficial



owner of 14,917 shares of the common stock, being approximately .01 % of the outstanding shares of the common stock, of May. A family trust in which Mr. Goodman disclaims any beneficial interest is the owner of 800 shares of the common stock of May. In August, 1972, CD Catalog Showrooms Company ("CD"), a subsidiary of the Corporation, entered into a partnership agreement with May Catalog Showrooms, Inc. ("Showrooms"), a wholly-owned subsidiary of The May Stores Shopping Centers, Inc. ("Centers"), which in turn is a wholly-owned subsidiary of May. The partnership carries on business under the name "Consumers Distributing Company" and has been assigned that trademark on a world-wide basis (exclusive of Canada). All losses of the partnership are to be borne by Showrooms, and subject to certain events which might reduce CD's share of profits, after recovery of losses all profits are to be shared equally by the partners. The purpose of the partnership is to engage in the catalog showroom business, initially in the United States of America and subsequently in other parts of the world, exclusive of Canada. The Corporation provides the services of Jack Stupp as the Chief Executive Officer of the partnership (for which the Corporation charges \$50,000 per annum), provides know-how to the partnership free of charge, and provides certain other services on a cost basis. Provided certain operating guidelines are met, Showrooms is obliged to lend up to \$25,000,000 to the partnership through April 3, 1976 and up to an additional \$25,000,000 through March 31, 1979. The partnership has not yet opened any retail showrooms, although it expects to do so in the Fall of 1973. May, Centers, Showrooms, Jack Stupp, the Corporation and CD have agreed not to compete with the partnership, and, for a limited term, with each other under certain conditions.

BY ORDER OF THE BOARD,

LLOYD S. D. FOGLER,  
Secretary.

May 11, 1973.